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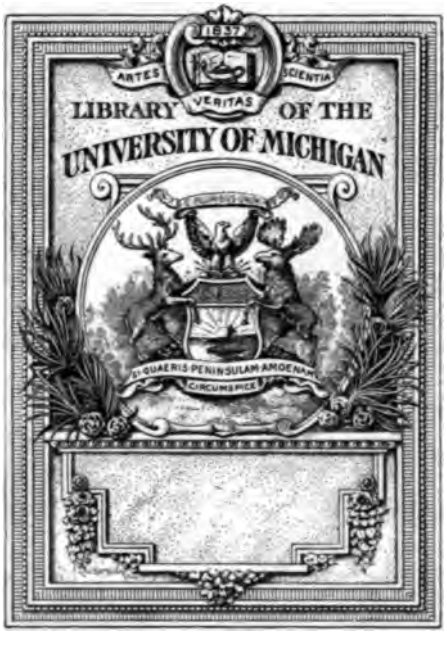

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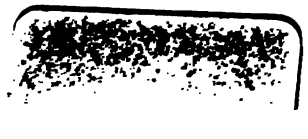

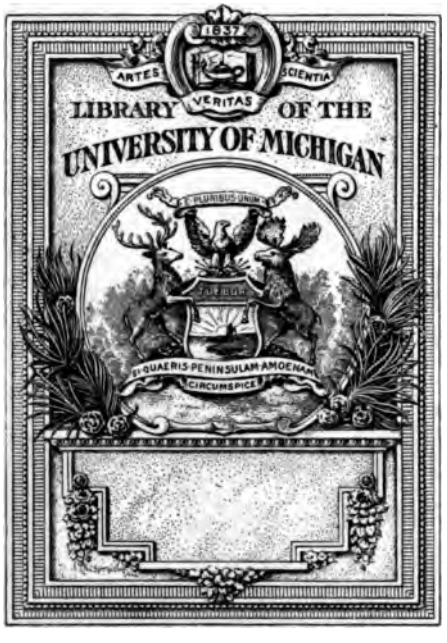

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PRELIMINARY REPORT OF
JOINT COMMISSION

On Business Method of Post-Office Department and Postal Service

SUBMITTED BY MR. PENROSE

FEBRUARY 10, 1908

Referred to the Committee on Post-Offices and Post-Roads and ordered to be printed with accompanying illustrations

WASHINGTON
GOVERNMENT PRINTING OFFICE
1908

REPORT OF PUBLIC ACCOUNTANTS, SEPTEMBER 30, 1907.

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PRELIMINARY REPORT OF THE JOINT COMMISSION ON THE BUSINESS METHOD OF THE POST-OFFICE DEPARTMENT AND THE POSTAL SERVICE,

UNDER AN ACT OF CONGRESS APPROVED MARCH 2, 1907.

To the Senate and House of Representatives of the United States in Congress assembled:

The Joint Commission authorized by act of Congress, approved March 2, 1907, to make an investigation into the business system of the Post-Office Department and postal service, respectfully submits this preliminary report to the Congress.

Under authority of the aforesaid act, the Vice-President duly appointed Boies Penrose, a Senator from the State of Pennsylvania, Thomas H. Carter, a Senator from the State of Montana, and Alexander S. Clay, a Senator from the State of Georgia, members of the Joint Commission on the part of the Senate, and the Speaker of the House appointed Jesse Overstreet, a Representative from the State of Indiana, John J. Gardner, a Representative from the State of New Jersey, and John A. Moon, a Representative from the State of Tennessee, members on the part of the House of Representatives.

On the 5th day of March, 1907, the Commission met at the Capitol for the purpose of organization, all members being present. Thereupon Mr. Penrose was elected chairman, Mr. Overstreet vice-chairman, Mr. W. R. Andrews secretary, and Mr. R. B. Nixon disbursing officer of the Commission. Upon thorough consideration of the law and the conditions to be dealt with, two courses appeared to be open to the Commission in the discharge of its duty. First, the usual method pursued by committees of Congress of calling witnesses, taking testimony, and thus obtaining facts upon which to base a conclusion. This method of procedure was open to serious objection. Past experience had disclosed the lack of such a central system of accounts in the Post-Office Department as rendered the determination of the cost, profit, or loss in connection with a given line of service impracticable. For more than one hundred years the great and stupendous business of the Post-Office Department has been operated without being overhauled or looked into from the standpoint of critical, expert scrutiny of its business methods, and in consequence it was obvious to the Commission that it was clearly the intention of Congress that the examination should be conducted to ascertain existing defects and to devise adequate and practicable remedies according to the most enlightened business methods evolved from the experience of other governments and the progress of the business world.

The wisdom of pursuing the investigation with the aid of expert knowledge was further supported by the fact that Congress has not been at any time able to secure from the Post-Office Department or the officials thereof an accurate statement of the sources of profit and loss, so as to show wherein remedial legislation could be enacted to prevent waste without interfering with the harmonious conduct of the postal system. Therefore the substitution of some accurate and efficient system seemed to be the primary purpose of creating the Commission. It did not appear wise for the Commission to undertake to devise a better system by confining its work exclusively to interrogating those in charge of the system which it might be expedient ultimately to replace.

The existing business and accounting methods of the Post-Office Department and service have resulted from a process of growth, separate subdivisions having their origin in detached fragments of law largely traceable to appropriation bills. It was thought best to secure from an impartial source the judgment of thoroughly trained, expert accountants on existing methods, and a comparison thereof with modern; up-to-date business methods of bookkeeping, arrangement, auditing, and accounting. This conclusion led the Commission to adopt the second alternative; that is, to prosecute the investigation upon the basis of expert knowledge. In pursuance of this purpose the secretary of the Commission was directed to address a number of the leading expert public-accounting firms of the country a letter, of which the following is a copy:

GENTLEMEN: I herewith inclose a copy of the Post-Office appropriation bill for the fiscal year ending June 30, 1908, and direct your special attention to the last paragraph on page 13 of the act, and the subject-matter following relating to the Joint Commission of Congress therein provided for. The portion of the act creating the Commission is self-explanatory. The Commission has been appointed as provided by the law and at a preliminary meeting, after organization, it was determined to solicit the views of a few of the high-class audit and accounting firms of the country with reference to the extent of the investigation into the affairs of the Post-Office Department necessary to secure information upon which to predicate legislation looking to the perfection of business methods and the inauguration of a system tending to greater expedition, more accuracy, and greater economy in the conduct of our postal affairs.

By direction of the Commission, I forward you under separate cover a copy of the last report of the Postmaster-General, in which you will find embodied a report of the Auditor for the Post-Office Department. The Commission has not authorized the employment of any expert, but has directed me to solicit the views of your firm and some others on the lines herein suggested.

If you care to submit your views concerning the plan and scope of the investigation to be made, together with a statement of your terms, the same will be laid before the Commission at its meeting, about the 1st of April, and should your plan and terms meet with approval the Commission will no doubt take measures to enter into a contract with you.

Yours truly,

W. R. ANDREWS, *Secretary.*

In response to this communication replies were received from ten firms and individual accountants. Upon examination we found that the rates of compensation were substantially the same in each case where terms were stated. The standing, experience, and ability of the parties who responded were very carefully investigated and in each case the standing of firms and individuals was found to be good, but it appeared to the satisfaction of the Commission that because of experience in governmental work in other countries analagous to that

in view, familiarity with large, modern business operations, facilities through branch offices and otherwise of securing data, together with a thorough comprehension of the task to be performed, as disclosed in their replies, that the firms Jones, Caesar, Dickinson, Wilmot & Co. and Deloitte, Plender, Griffiths & Co., both of New York, could most efficiently serve the Government, and negotiations were conducted with those firms looking to making a contract for the performance of the desired service.

In the course of such negotiations it became manifest that if the firms should collaborate without thereby increasing the aggregate expense to the Government the best results would be obtained—subject to an understanding that all points of disagreement between the firms as to existing conditions or proposed improvements should be submitted to the Commission. After the entire subject had been discussed by the Commission, Mr. A. L. Dickinson, representing the firm of Jones, Caesar, Dickinson, Wilmot & Co., and Mr. Francis F. White, representing the firm of Deloitte, Plender, Griffiths & Co., contracts were entered into with the respective firms whereby each agreed to undertake jointly with the other a complete investigation of the United States Post-Office system of accounting and business administration, and to report to the Commission thereon both during and at the completion of the work.

Under the agreement the head of the firm, while actually engaged in supervising the work, was to receive $50 per day, senior accountants in charge of different branches of the work, $25 per day, and assistant accountants, $15 per day, and in addition expenses incurred in traveling and subsistence at the points outside of Washington at which the firms had no regular offices; the Government force at Washington to be employed as far as possible without charge, of course, to the Commission; stenographers and minor clerical assistants outside of the Government service to be paid customary wages. It may be said that as to the principals the per diem named is below the ordinary charge made for service of like importance. The Commission reserved the right to restrict the scope of the examination at any time as in its judgment might become desirable.

Agreeable to the arrangement the work was promptly started with from six to eight senior accountants selected from the two firms, and as it progressed the force was increased from time to time as necessity required. The Commission called upon the President and the Postmaster-General, and, having disclosed the method of procedure, was in each case assured of cordial cooperation in the contemplated investigation. As shown in the report of the accountants herewith presented, the Postmaster-General promptly issued an order directing—

> That all officers and employees of the Post-Office Department and the postal service shall extend to Messrs. Francis F. White and Arthur L. Dickinson, representatives of the Joint Commission of Congress to investigate the Post-Office Department and the postal service, under the postal appropriation act, approved March 2, 1907, every facility for pursuing their examinations, including the submitting of all books, records, papers, and information desired by them; and shall accord to them all possible assistance in the conduct of said investigation.

The cordial relations thus established between the Commission, the accountants, and the Post-Office Department has happily continued

throughout. Convenient quarters were assigned to the accountants in the Post-Office Department building for the accommodation of the clerical force and the convenient examination of books, files, and papers. The Commission met from time to time to confer with the accountants and to determine questions involving the scope of the investigation, which continued actively until the submission of the report of the accountants on September 30, 1907, and to some extent thereafter in reference to the same.

The report of the accountants is herewith submitted, marked "Exhibit A," and is presented to Congress at this time in advance of a final report, because the Commission believes that the very great importance of the subject, the information given, and the far-reaching effect of the recommendations made by the accountants will so far impress all persons interested in the subject as to bring forth opinions and criticisms destined to prove of great value to the Commission in the preparation of its recommendations and final report. The Commission expressly withholds for the present any expression of approval of all the recommendations made by the accountants because its work is not completed, and its members feel so impressed with the responsibility of their task that they desire all available light and the best obtainable judgment on the report before undertaking to frame any of its recommendations into a bill for the consideration of Congress.

The postal service constitutes the only large business operation in which the Government is engaged. It is a cash business, involving an expenditure of over $210,000,000 during the current year, and this stupendous expenditure is destined to grow with the growth of the country. This being the first effort in the history of the Government to thoroughly inquire into and ascertain the defects and infirmities of the system under which this great business has been, and is being, conducted, and to devise, if possible, a more efficient and satisfactory system, it is deemed prudent to submit to the interested public generally, and to the Congress and those engaged in the postal service particularly, the facts disclosed and the conclusions reached by the expert accountants, with a view to calling forth such comments and criticism as persons interested in the subject may think proper to make.

As an indication of the views at present entertained it is proper to say that the Commission is profoundly impressed with the wisdom of the accountant's report in recommending the following:

(*a*) That the actual direction of the business of the Post-Office Department and postal service be committed to an officer with necessary assistants to be appointed by the President, by and with the advice and consent of the Senate, for long terms, so as to insure the continuity of efficient service, and that the Postmaster-General, as a member of the Cabinet, be chargeable only with general supervisory control and the determination of questions of policy.

(*b*) That the business of the Department be decentralized, so as to avoid the congestion at the National Capitol, which is believed to seriously impair the efficiency of the service throughout the country, while at the same time greatly increasing its cost.

(*c*) That the bookkeeping, auditing, and accounting be simplified, unified, and centralized as far as practicable so as to secure greater accuracy, the record of profit and loss somewhat in detail, a more

prompt method of accounting for money and property, and the elimination of apparently needless duplication of work.

(*d*) That the practice of requiring needless detailed reports from small post-offices be discontinued. This will undoubtedly result in large savings in the matter of bookkeeping while in no sense impairing the efficiency of the service. The moderate application of the nonaccounting system to small offices will eliminate about 30,000, or nearly one-half, of all the post-office accounts from the present complex report and bookkeeping system, or would at least greatly simplify the same.

It appears too obvious to require argument that the most efficient service can never be expected as long as the direction of the business is, as at present, intrusted to a Postmaster-General and certain assistants selected without special reference to experience and qualifications and subject to frequent change. Before the Postmaster-General and his assistants can become reasonably familiar with the operations of the service they are replaced by others, who, in turn, are called upon to resign before they can, in the nature of things, become qualified by knowledge and experience to perform their allotted tasks. Under such a system a large railroad, commercial, or industrial business would inevitably go into bankruptcy, and the Post-Office Department has averted that fate only because the United States Treasury has been available to meet deficiencies.

The scattered fragments of law under which the Department was organized, and under which its business has been conducted, have been compiled under the direction of the Commission, and the compilation is hereunto attached and made a part of this preliminary report. A cursory examination of the compilation will at once disclose the need of thorough revision, concerning which the Commission will later report to Congress.

The report of the weighing of the mails, authorized by the post-office appropriation act for the current year, will not be completed until April or May next, and inasmuch as data expected to be disclosed thereby will be important for consideration in connection with the final report of the Commission, the same can not be made until after the date named, because changes of existing law should be maturely considered from every available point of view and in the light of all the definite knowledge obtainable.

In the final report disbursements will be properly set forth in detail, and therefore, to avoid duplication, only a general statement thereof is submitted at this time in the report of Mr. R. B. Nixon, the disbursing officer, herewith filed as an exhibit, all details being, of course, available for reference in the Treasury Department.

It will be observed that the expenses of the Joint Commission have been nominal. No persons were employed by the Commission except a secretary, assistant secretary, and a disbursing officer. The Commission neither employed, nor did it directly or indirectly recommend for employment, any person connected with the accounting force. The accounts show that there were employed by the accountants during the progress of the work at different times thirty-three persons as principals, senior accountants, junior accountants, secretaries, stenographers, and typewriters. The service under the accountants was itemized and certified to the disbursing officer of the

Commission, under whose direction such statements were carefully checked, and payments were made to the accounting firms, and they in turn paid their employees.

Respectfully submitted.

BOIES PENROSE.
THOS. H. CARTER.
A. S. CLAY.
JESSE OVERSTREET.
J. J. GARDNER.
JOHN A. MOON.

JOINT COMMISSION OF CONGRESS ON BUSINESS METHOD OF POST-OFFICE DEPARTMENT AND POSTAL SERVICE,
Washington, D. C., February 10, 1908.

Hon. BOIES PENROSE,
Chairman Joint Commission of Congress on Business Method of Post-Office Department and Postal Service.

SIR: I have the honor to submit the following statement of the expenses of the Commission from March 5, 1907 to February 8, 1908:

Expenses of members of Commission	$1,505.05	
Salaries and expenses of employees	3,796.48	
Binding, printing, and indexing	665.05	
		$5,967.48
There were employed by the two firms with whom the Commission had made contracts, 33 persons, to whom was paid from April 16, 1907, to November 19, 1907, the sum of		62,693.53
		68,661.01
The amount appropriated for the expense of the Commission was		75,000.00
The total amount expended was		68,661.01
Leaving a balance in the Treasury of the United States of		6,338.99

Very respectfully,

R. B. NIXON, *Disbursing Officer.*

REPORT OF PUBLIC ACCOUNTANTS.

OFFICES OF THE PUBLIC ACCOUNTANTS,
POST-OFFICE BUILDING,
Washington, D. C., September 30, 1907.

To the Joint Commission of Congress on Business Methods of Post-Office Department and Postal Service, Washington, D. C.

GENTLEMEN: In accordance with instructions received from your Commission we have made a general investigation of the business and accounting methods of the Post-Office Department and the postal service, and have the honor to submit our report thereon as follows:

SECTION I. INTRODUCTORY.

AUTHORITY.

Pursuant to authority conferred on your Commission by the act of Congress making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1908, approved March 2, 1907, your Commission invited proposals for a complete investigation of the Post-Office system of accounting and business administration and, after a conference with yourselves, proposals made by us under date of April 12, 1907, were accepted by your Commission on April 17, 1907.

On April 23 Messrs. A. Lowes Dickinson and Francis F. White, the senior partners of our respective firms, who have had personal charge of the whole of this investigation, attended in Washington and were introduced by a subcommittee of the Commission, consisting of the Hon. Thomas H. Carter and the Hon. John A. Moon, to the President, who expressed his interest in the proposed investigation and his appreciation of its importance to the public. Our work began on May 1 and has continued since that date with a force of our senior accountants and assistants.

COOPERATION OF POST-OFFICE DEPARTMENT.

We were received at the outset by the Postmaster-General, who introduced us to the various Assistant Postmasters-General, and through them to the chiefs of divisions and other officials and employees. The Postmaster-General also issued the following order:

[Order No. 282.]

"APRIL 17, 1907.

"*Ordered*, That all officers and employees of the Post-Office Department and the postal service shall extend to Messrs. Francis F. White and Arthur L. Dickinson, representatives of the Joint Commission of Congress to investigate the Post-Office Department and the postal service, under the postal appropriation act, approved March 2, 1907, every facility for pursuing their examinations, including the submitting of all books, records, papers, and information desired by them; and shall accord to them all possible assistance in the conduct of said investigation."

This order has resulted in the hearty cooperation of the officials of the Post-Office Department and service and of the Auditor for the Post-Office Department and his staff, who have afforded us every facility for the conduct of the work with which we were intrusted. We have much pleasure in stating that we have found at every stage of our investigation a willingness on the part of all officials concerned to throw open to us the whole details of their organization and work, and in fact to welcome the investigation as likely to be productive of advantageous results to the service.

By the courtesy of the English and Canadian Postal officials extended to us, in the case of Great Britain, at the instance of the Secretary of State, and in the case of Canada, at the instance of the Postmaster-General, we have been enabled to obtain useful information upon many features of the service in those countries, reference to which is made throughout this report as may be convenient.

We trust that the recommendations which we have to make in the course of this report, while we can not expect that they will escape criticism, may on the whole not only meet with the approval of your Commission, but result in permanent benefits to the administration of the Department.

In submitting them we would lay stress on the fact that the object of our investigation was to enable us to suggest reforms in the present postal methods, and on this account, and on account also of the magnitude of the work, we have not attempted to commend the many satisfactory features of the system and service. This report must, therefore, consist principally of criticism, yet it should be remembered that the post-office is carrying on an enormous business over a great extent of country; that on the whole this business is carried on to the general satisfaction of the public; and that consequently the merits of the service to which reference is not made in this report must largely outweigh the defects herein pointed out. While, however, the general criticisms we have to make may be considered relatively small as compared with the general merits of the service, they are, we believe, of considerable importance to its increased efficiency and more economical operation.

We also desire to point out that our criticisms are directed at methods, and not at individuals. The higher officials, at any rate, and the best of the staff, are keenly alive to the necessity of reforms; but the service has grown from small beginnings over a long period of years, hampered by restrictive laws which may have been necessary in the past, and may even now be considered necessary to some extent for a Government Department, but which would render it practically impossible for any private business to survive. To institute sweeping reforms requires new legislation, which it is difficult to obtain, and it has apparently often been thought better to make the best of existing conditions rather than to urge legal reforms which may not be accepted. Again, the chief officials of the post-office are frequently changed, and, owing to the necessity of their familiarizing themselves with the duties of their offices and the business of the service and with the mass of routine work to be performed, they have little time to devote to the consideration of reforms.

In the course of our work the importance of these considerations has forcibly impressed itself upon us, and we regard it as a matter of surprise, not that many reforms are still desirable, but that so many have been accomplished or are now under consideration.

For these reasons your Commission, as well as the post-office officials, should understand that while our criticisms on certain points are severe, our object is not to reflect upon individuals, but, if possible, to impress on your Commission, and through your Commission on Congress, the need not only for amendment of these particular conditions, but for a broad revision of the general organization which renders the continuance of such defects possible.

Scope of Investigation.

The act of Congress constituting your Commission called for "an investigation of the entire business system of the Post-Office Department and postal service, including the method of accounting and expenditure in force in such Department and service, with a view to determining what changes or improvements may be instituted in the organization and conduct thereof, and whether a system can not be devised for dealing with the revenue and expenditures of the Post-Office Department and the postal service, so that the operating expenses thereof may be separated and assigned to the various classes of mail matter transported by that service, in such manner as to show the true cost of the transportation, handling, and delivery of each class of mail matter and of the various subdivisions of such classes, as well as the true cost of each of the special services rendered the Government and the public by the postal service."

The further requirement of the act that the Commission "shall, as soon as practicable after the beginning of the first session of the Sixtieth Congress, report to Congress such conclusions, recommendations, and plans as said Commission may see proper to make by bill or otherwise" limited the time which could be devoted to the investigation, and it was realized at the outset that an examination into every detail of a business of such magnitude would occupy many more months that were available. It was necessary, therefore, to restrict our inquiry to certain special features, which in the main were determined upon as a result of conferences had with your Commission during the early stages of the work.

Even in regard to these features we feel that the time available has proved scarcely adequate for a thorough study of all the conditions and the formulations of recommendations in complete detail.

The matters which have formed the subject of our investigation are as follows:

1. BUSINESS SYSTEM.

As a preliminary to the formulation of any consistent scheme of accounting, which under the provisions of the act and under the reference to ourselves by the Commission we considered to be the main purpose of our report, it has been necessary to institute inquiries into the general methods of organization adopted both in the Department and in the service. A considerable portion of our time has been expended in compiling general reports upon each feature of the Department and service which have enabled us to become familiar with all those facts which have direct reference to accounting, and at the same time to make suggestions upon the general business methods which, if adopted, will, we believe, result in improvements in the general service to the public and in greater efficiency of administration.

2. ACCOUNTING, INCLUDING GENERAL, AND COST ACCOUNTING AND AUDIT.

The general accounting methods in force throughout the Department and service have received a large share of our consideration, in view of the fact already noted that this has appeared to us to be the main and primary purpose of our appointment. The general absence of any efficient methods of accounting has been brought to light by the inquiry carried out by the Joint Commission on second-class mail matter. This report was referred to Congress on January 30, 1907, and our investigation has confirmed the impression gathered from a study of it that the whole of these methods are crude in the extreme and such as no private business concern or corporation could follow without the certainty of loss, if not of financial disaster.

Our reference included specifically an inquiry as to whether a system may not be devised under which the cost of handling the different classes of mail matter and of the different services rendered to the public in respect to such mail matter can be ascertained. This question is one of great difficulty and complication; and yet it would seem, and was evidently considered by the framers of the act, to be essential to the proper administration of the service and to a fair and equitable settlement of the rates of postage that should be charged for the different classes of mail matter. The necessity for some such system is shown by the evidence given before the Commission on second-class mail matter, in which marked divergences of opinion were expressed by those who testified, both from within and without the Department and service, the margin between the extreme estimates of cost in the case of second-class mail matter being such as would in a private business concern cover the difference between large profits and bankruptcy.

As a result of our investigation of this branch of the subject we have arrived at certain conclusions, and have to recommend certain methods involving action on the part of the Department, which may perhaps at first seem to be of a revolutionary character. At the same time we are satisfied that these methods are practicable, and that only in some such way can the cost of the various services be ascertained, and we believe that on the fullest consideration by your Commission and the Department the conclusion will be reached that the adoption of the methods suggested is for the best interests of the service.

Closely allied with the accounting is the proper audit of post-office accounts. We have been impressed at the various stages of our inquiries by the anomalous position of the Auditor for the Post-Office Department as compared with that held by the other Treasury auditors, and we are satisfied that drastic changes in the present methods and organization, and also in the laws governing the office of the Auditor for the Post-Office Department, must be made if an effective and, at the same time, economical check upon the financial operations of the service is to be obtained.

3. SYSTEMATIZATION OF ADMINISTRATIVE METHODS.

In the course of our investigation into the main subjects referred to we have necessarily had occasion to observe the general methods of administration throughout the Departmental and service and have been particularly impressed

with the divergences therein in different bureaus, divisions, and sections in handling transactions of a similar character, and we shall show in this report how under the present system of administration, these appear to have grown up over a long period of years without any very definite plan. There exists an independence and lack of cooperation not only between different bureaus and different divisions, but even between different sections of the same division, and no identical local operations which must undoubtedly do much to hamper the service and increase its cost.

Owing to the mass of minute details involved in the study of such questions, we are able at the present time only to call attention to the most glaring cases, and to point out how progress may be made toward that unification of methods which is absolutely necessary for the economical administration of any business institution.

4. STANDARDIZATION OF FORMS.

We have also found that there is an absolute lack of uniformity in the forms used in the Department and service, it being evident that the division or office in arranging and ordering a form in no way considers its effect on the whole service, and, in many cases, there are a number of different forms used for similar, if not identical, purposes. In Section X of this report will be found some general suggestions by the adoption of which we believe large benefits may be obtained, but we would add that the importance of the subject would, in our opinion, warrant a more detailed examination and fuller consideration than it has been possible for us to make.

5. NEW LEGISLATION AND NEW POLICIES.

In the recommendations made in this report we have not considered that we were limited by the existing law, but have relied on the assurance that your Commission in the event of its approving of these recommendations, in whole or in part, will take steps to have the necessary legislation brought before Congress. We have not, therefore, made that full study of the present statutes which must necessarily precede the introduction of such legislation, although we shall refer incidentally to some of the more important sections thereof which appear, at the present time, to be at variance with the reforms suggested.

We have not considered that under our reference we were required or even desired to discuss in any way the advisability, from the point of view of the public service, of any particular line of policy at present adopted or to suggest new policies. We have, however, during the course of our work found that economies in administration would result from the adoption of certain new policies which have been largely discussed and advocated in the past and are still under consideration, or from changes in existing methods governing the relations between the Department and the public. We have thought it, therefore, not inconsistent with our instructions to report as briefly as possible upon these questions of policy solely from the point of view of their effect upon an economical administration, and without any regard to their desirability or otherwise from the larger point of view of public utility, and such comments will be found in the sections of the report dealing with the divisions of the Department or service most directly concerned.

IMPROVEMENTS RECENTLY INITIATED BY THE DEPARTMENT.

The present administration of the Department is keenly alive to the necessity of improvements and anxious to initate such reforms as may seem desirable at the earliest possible moment, and during the progress of our investigation certain changes have been introduced, to some of which we shall refer later.

SECTION II. REVIEW OF GENERAL FINANCIAL CONDITION.

As a preliminary to the detailed examination of the affairs of the Department and service, we have made a careful study of the last published report of th Postmaster-General, being for the year nding June 30, 1906, particulrly with regard to the statements of account contained in various parts thereof. These financial statements are generally based upon the accounts prepared by the Auditor for the Post-Office Department, and the Third Assistant Postmaster-General calls attention, on page 272 of the report, to the fact that from these

accounts are omitted various items which should be taken into consideration if a true idea of the financial results of the service is to be obtained. The principal items so omitted are as follows:

(1) EXPENDITURES UNDER POST-OFFICE DEPARTMENT APPROPRIATIONS.

The entire work of the Department consists in the management and supervision of the postal service, and the services rendered by the Department are essentially a part of those for which the public pays in the form of postage. This appropriation, however, is not at present included in the accounts prepared by the Auditor for the Post-Office Department and reported to the Postmaster-General, and the detailed expenditures are consequently understated by the amount thereof, which, for the year 1906, was $1,372,665. It is easy to see how this anomaly has arisen, from the idea that the administration of the Post-Office Department is similar to the administration of other departments of the Government service, and is one of the functions of the Government. This view, however, hardly seems to be justified, for the post-office, while in most civilized countries it is operated by the government, is obviously an ordinary trading concern, and the government of the country could be just as efficiently and just as well carried on if the post-office were operated by an independent private concern, as are the telegraph and telephone systems in the United States.

(2) EXPENSES OF THE AUDITOR FOR THE POST-OFFICE DEPARTMENT.

The Auditor not only audits the accounts of the Department and service, but keeps all the official records, and the only reason why the expenses of his office are not included in those of the postal service seems to be the law and practice of the Government with regard to other Departments to the effect that the Secretary of the Treasury is responsible for keeping and auditing the accounts of the whole Government. For the purpose of ascertaining whether the service is being conducted at a loss or profit it would seem essential that in future the whole of these expenses should be taken into account.

(3) AMOUNTS DUE PACIFIC RAILROAD.

The amounts due to certain branches of the Southern Pacific and Union Pacific Railroad companies for transportation of mails are not paid to those companies, under instructions from the Secretary of the Treasury, being retained by him in part payment of debts due by those companies to the Government. This, however, does not appear a good reason for excluding them from the expenses of the postal service. We are informed that in two years' time the amount of those debts will have been repaid in full; after that time, therefore, the post-office expenses, as stated by the Auditor, will be increased by at least $741,172.

(4) APPROPRIATION FOR STATIONERY IN FAVOR OF THE GOVERNMENT PRINTING OFFICE.

This appropriation, which, in the year under consideration, amounted to $350,000, covers the cost of stationery, printing, and supplies furnished by the Government Printing Office and is obviously an expense of the Post-Office.

(5) SALARY OF THE ASSISTANT ATTORNEY-GENERAL.

Although a comparatively small amount, this item is mentioned here on account of the principle involved, to which further reference is made in a later section of this report.

(6) ANNUAL VALUE OF THE SPACE OCCUPIED BY THE POSTAL SERVICE IN GOVERNMENT BUILDINGS THROUGHOUT THE COUNTRY.

The amount involved under each previous head is readily ascertainable, but in this case neither accurate figures nor reliable estimates are obtainable.

On the other hand the service should receive credit for work done in the handling of mails for: (*a*) Other departments (known as Penalty Mail), (*b*) Members of Congress (known as Franked Mail), (*c*) other persons who, for one reason of another, are given the privilege of free mails, and also for (*d*) the

amounts paid to steamship companies for transportation of foreign mails in excess of the amounts allowed by the Universal Postal Union Regulations, this difference being in effect a subsidy to the steamship companies, for purposes connected with Government policy, with which the Post-Office has no concern. The excess compensation paid to steamship companies is fully discussed in Section III 3 (*d*) of this report, and an estimate is there made of the amount involved for the fiscal year ending June 30, 1906.

The credit to which the Department is entitled for handling free mail is a factor of much importance in considering the postal deficiencies, and we regret that after a full investigation we have found that no sufficient statistics or other evidence are available upon which to base estimates which could be considered by your commission as at all reliable. In view, however, of the importance of the question we think it well to call your attention to statements made and opinions expressed upon the point in recent reports of the Postmaster-General, and to submit the figures which form, so far as we can ascertain, the best indication of the amounts involved.

In the report for the year ending June 30, 1906, there are two references to the estimated loss sustained by the Department by reason of the nonpayment of postage on franked and penalty matter. The Postmaster-General, on page 15, referring to the count of penalty matter which was in progress at the time the report was written, says, "It would seem that when reports of the various Departments on this subject are consolidated the total amount will equal, if not exceed, the deficiency in the postal revenue for the year ending June 30, 1906, which was $10,542,941.76." On page 272 the Third Assistant Postmaster-General repeats an estimate made by the Postmaster-General in his annual report for the year 1905 that if a charge were made for the service rendered by the Department to Congress and to other branches of the Government in carrying official matter free of postage, the revenues would have increased by approximately $20,000,000. It should be noted that in the original statement in the report for the year 1905 the estimate of $20,000,000 included the postage lost to the Department on its own mail so that the construction placed thereon in the report for 1906 is misleading; and, having regard to the large proportion of the total mail which originates in the Department, little light would be thrown upon the question of how the deficit would be affected by a proper charge to the other Departments even if the accuracy of the figures were established.

The report referred to by the Postmaster-General showed the amount of all mail matter entered at Washington post-office under penalty privileges, but not franked mail, for the six months ending December 31, 1906, and when completed gave the following results:

	Pounds.	Postage.
Post-Office Department	8,782,196	$1,491,036.91
Other Government departments	5,557,128	780,511.75
Total	14,339,324	2,271,548.66

We find that a record has been kept in the Bureau of the Second Assistant Postmaster-General for a number of years past of the weights of penalty and franked mail carried for a certain period in each year from the Washington post-office. In the year 1906 weights were taken for a period of ninety-eight days—from February 20 to June 13—during which period the total amount carried was:

	Pounds.
Franked mail	1,692,301
Penalty mail for other Government Departments	4,566,551
Penalty mail for Post-Office Department	5,655,460
Total	11,914,312

From these statistics and the records of previous years it would appear that the amounts of penalty and franked mail dispatched through the Washington post-office in a year may be estimated as follows:

	Pounds per annum.
Congressional matter	5,500,000
Other Government Departments	12,000,000
Post-Office Department	17,000,000

On the basis of the average rate of postage per pound on the penalty mail of other Departments, obtained from the above-mentioned report for the half year ending December 31, 1906, the postage on the above amounts of free matter handled for Congress and other Departments would represent a loss of revenue to the Department on mail dispatched from the Washington post-office alone of approximately $2,500,000. For the determination of the proportion which the franked and penalty matter originating in Washington would bear to the total amount throughout the country, there are few definite statistics available. In the report of the Postmaster-General for the year ending June 30, 1900, are given the results of a special weighing of mail for thirty-five days in the fall of 1899, during which it appears that the free matter, including penalty and franked mail, dispatched from the Washington post-office, amounted to approximately 26 per cent of the total in all offices, while a rough estimate furnished to us by the superintendent of the railway-adjustment division works out to about 30 per cent.

No figures are available which separate the Department from the franked and other penalty mail dispatched from offices outside Washington, but assuming that the proportions first mentioned apply to both classes, the estimated loss of revenue to the post-office on this basis would be from $8,000,000 to $9,500,000, as compared with the figures of $10,000,000 (excluding franked matter), and $20,000,000 variously given in the annual reports.

The figures here given are, however, so largely estimated that it is entirely unsafe to base any conclusion thereon, and at the same time it is perhaps unnecessary to do so in view of the fact that, by the special weighing now in progress, a much better basis of calculation will be obtained than has at any previous time been available. The figures, however, do tend to show that the estimates put forward in the reports for 1905 and 1906 were misleading, principally as it would appear because in these estimates the Department's own mail was taken into account, without regard to the fact that if postage on this mail were added to the revenues, it would also have to be added to the postal expenditures, and would not, therefore, in any way affect the deficit.

Amending the account for the year ending June 30, 1906, by the inclusion of such of the items mentioned above as can be ascertained or closely estimated, the result would be as follows:

Expenses as per Auditor's statement		$178,449,779
Add:		
Post-Office Department expense	$1,372,665	
Auditor's office expense	799,589	
Pacific Railroad transportation	741,172	
Public printing office appropriations	350,000	
Salary of Assistant Attorney-General	4,500	
		3,267,926
		181,717,705
Less excess paid steamship companies over Postal Union rates		1,200,000
Adjusted expenditures		180,517,705
Receipts per Auditor's statement		167,932,783
Deficit, adjusted except as to the annual value of Government premises occupied, and credit due for penalty and franked mail handled for other Departments and for Congress		12,584,922

The accounting system, which we suggest later, provides for the transfer of the custody and disbursement of the funds under the appropriations for the Post-Office Department to the Division of Finance, in company with all other disbursements in the postal service, and will also provide for including in the revenue and expenditures of the service all the above-mentioned items, either directly, as receipts and expenses of the service, or, if Congress does not recognize the expediency of such a course, by the transfer of these sums to the service by way of memorandum entry so that the true cost of carrying the mails and the true revenue obtained therefrom and the exact cost, or it may be profit, to the country thereon may be ascertained.

With reference to the inclusion of these items in the accounts an objection is raised to crediting the Department with the value of the services rendered to

other Departments on the ground that Congress has made appropriations for the whole cost of carrying the mail and should not also be asked to appropriate for this cost over again by allowances to other Government Departments to enable them to pay for their postal service. If, however, a precedent is required for such action on the part of Congress, it should be noted that this same action is taken in the supply of stamps to the Post-Office by the Bureau of Engraving and Printing. The latter receives a net appropriation after deducting its estimated receipts, and in addition thereto receives from the Post-Office Department payment at contract prices for all the supplies of stamps which are required, this amounting in the year ending June 30, 1906, to $410,824.59. Moreover, there would be no such double expenditure as that suggested, for the reason that if the Post-Office were to receive payment from the other Government Departments at regular rates for the carriage of their mail, the deficiency grants from the Treasury required by the Post-Office would be reduced by a corresponding amount, and that same amount of money would be available in the Treasury to provide increased appropriations for postage stamps for the other Government Departments.

With a view to getting a general idea of the progress of the Department, and of the chief features in the accounts for the last few years, we have prepared and submit herewith (Exhibits 2*a* and 2*b*) statements showing for each of the eleven years ending 1905–6 the following particulars:

Estimated mean population.
Postal revenues.
Postal expenditures under the following headings:
- Post-Office service.
- City free delivery.
- Rural free delivery.
- Transportation of mails.
- Railway mail service.
- Post-Office Department.
- Auditor for Post-Office Department.
- Miscellaneous expenses.

and showing for each of these headings the amount per head of population and the percentage of increase from year to year in amount and per head. The same items have been considered as in the foregoing statement for the year 1905–6, except the excess compensation to steamship companies, the ascertainment of which for the eleven years would involve more labor than seems justified, having regard to the relative smallness of the amount.

A careful study of these figures will show that many useful comparisons can be drawn therefrom, and will afford evidence of the valuable statistical information which can be obtained even under the present system of accounting by the proper use of the figures.

These years are undisturbed by any changes in postal rates, and while the volume of second-class matter carried at 1 cent per pound has increased greatly during the period it is interesting to note that the increase in the revenue from all other matter has been almost as great. The one feature which stands out preeminently during the period is the establishment and growth of the rural free-delivery service and its effect upon the finances of the Post-Office. It will be seen that since 1896 there has been a steady increase in the revenue per head, and this increase has been uniformly greater than the increase in all expenses except rural free delivery. The increase of revenue has been more marked in the years since the establishment of that service, but owing to the growth in the expense thereof the deficit per head, which fell steadily from 1897 to 1902, showed a marked increase from 1902 to 1905. In 1905–6, however, for the first time since the burden of the rural free-delivery service began to be felt, the deficit per head was lower than in the preceding year. It would seem that the conclusion to be drawn from these figures is that the rural free-delivery service has been instrumental in largely increasing the revenues per head, with no greater increase in the main headings of expense, other than the rural free delivery, than would naturally result from the increased business. Further, while the continually growing burden of the rural free delivery was, during that time, greater than the increased revenue which it helped to produce, the rate of increase in the rural free-delivery expenses is becoming smaller, and if the effect of the service in increasing the revenue continues, as may be expected, it would appear that by degrees the benefit of its establishment will be evidenced by a gradual diminution of the annual deficits.

We have also prepared a detailed statement (Exhibit 2c) setting forth the volume of the money-order business for each of the eleven years, both in total and per head of population. The following figures therefrom showing the growth of the money-order business during the same period (1895–1906) will doubtless be of interest to the commission:

	1895–1896.			1905–1906.		
	Number.	Amount.	Average amount of orders.	Number.	Amount.	Average amount of orders.
Domestic orders issued	23,962,053	$172,100,649	7.18	58,461,353	$444,515,791	7.60
Direct foreign orders				401,770	5,843,261	14.54
International orders issued	985,799	13,852,616	14.05	2,634,738	57,204,607	21.71

These figures will be found particularly valuable in connection with any discussion of the policy of introducing postal notes, which is referred to in later sections of this report.

SECTION III. EXISTING CONDITIONS IN THE DEPARTMENT.

In order that the recommendations which we have to make may be clearly understood and their exact effect appreciated, not only by your commission and by the Department, but also by Congress, with which will rest the adoption of these recommendations in so far as they require legislation, we propose to describe the existing organization of the Department and service, and to call attention to some of its more important defects.

We realize that the members of your commission as members also of the committees of the Senate and House on Post-Offices and Post-Roads, are familiar with the broad lines of the present system, and that perhaps the somewhat detailed description which follows may appear to you superfluous. In order, however, to make this report intelligible to the much larger circle of readers whom it may eventually reach through your commission's report to Congress, such a preliminary statement is essential.

Present Organization of Bureaus and Divisions.

The present organization consists of the Postmaster-General as the Cabinet officer and four Assistant Postmasters-General, whose appointments are as a rule political and not made from within the service, and who consequently have little or no knowledge, at the time of their appointment, of the organization or work of the Department. Under each of these five heads are grouped certain divisions of the Department and the service, each of such groups being designated an office or bureau, the head of each bureau being either the Postmaster-General or one of his four assistants.

The office of Assistant Postmaster-General was created in 1782; by act of Congress April 30, 1810, the position of Second Assistant was created; and those of Third and Fourth Assistants followed in acts of July 2, 1836, and March 5, 1891, repectively.

The allocation to Assistant Postmasters-General of certain divisions of the service is made at the discretion of the Postmaster-General for the time being, and the endeavor appears to have been to divide the work fairly equally between them without much regard to any similarity of the work or duties assigned to each. This will appear in the detailed description of the present divisions which follows.

This form of organization has resulted practically in the creation within the Department of five separate administrations, working on their own lines with little or no mutual cooperation, and incidentally in a duplication of records which is entirely unnecessary and could scarcely have existed if the whole of the Department had been looked upon as a unit and administered as such.

It is desirable to note here that the Postmaster-General has apparently no legal power to delegate to an Assistant Postmaster-General the duties imposed on himself under certain acts, and is consequently compelled to affix his signature in a formal and perfunctory manner to documents about which he knows little and as to which it is not necessary that he should be fully informed.

Every order issued by an Assistant Postmaster-General requires the approval of the Postmaster-General, and these orders frequently relate to trivial matters which should hardly receive personal attention at the hands of even the former officials, much less of the Postmaster-General himself.

The only legal authority which appears to be conferred upon Assistant Postmasters-General is under the act of July 23, 1868, which provides that in case of the absence of the Postmaster-General the First Assistant shall perform his duties, and that in the absence of the chief of any bureau his chief assistant will act. This subject is referred to again at a later stage of this report.

1. POSTMASTER-GENERAL.

The Postmaster-General has assigned to his bureau the following divisions:

(*a*) *Assistant Attorney-General for the Post-Office Department.*—This officer "is charged with the duty of giving opinions to the Postmaster-General and the heads of the several offices of the Department upon questions of law arising upon the construction of the Postal Laws and Regulations, or otherwise;" and deals also with claims by postmasters for loss of stamps, stamped paper, or money arising from fire, burglary, or loss of mails, and with prosecutions arising out of offenses against the Postal Laws and Regulations. He has a staff of three assistants, one law clerk, nine clerks, and one messenger, whose salaries are included in the appropriations for the Department. The salary of the Assistant Attorney-General himself, however, is not charged to the Department, but forms part of the appropriations for the Department of Justice. In view of the fact that his whole time is given to the postal service, it would seem that this anomaly should be corrected and that in future his salary should be included in the Post-Office Department appropriations.

(*b*) *Purchasing agent.*—The office of the purchasing agent was created by the act of April 28, 1904, which prescribed that he should, subject to regulations to be made by the Postmaster-General, have supervision of the purchase of all supplies for the postal service and Department. His staff consists of a chief clerk, seven clerks, and one messenger. The same law prescribes the duties of the purchasing agent in the purchase of supplies, and the Postmaster-General has also made regulations, reference to which is made hereafter, whereunder committees are appointed by him to inspect and pass on all supplies received. These committees are drawn from all sections of the Department or service, and frequently include clerks from the supply division, which, as will hereafter appear, has control of all the supplies received at Washington. The intention of the act appears to have been that the whole of the supplies in use by the Department and service should be purchased by the purchasing agent, but the act was silent as to his responsibility for exceeding appropriations. It would appear that from the very beginning the office of the purchasing agent and the other bureaus and divisions of the Department and service have been at variance in their views as to the functions of the former, and as a result the purchasing agent has not had that complete control over all purchases which it would seem it was the intention of the act to confer upon him. In this connection, however, the wording of the act should be especially noted, inasmuch as it gives this authority to the purchasing agent "under such regulations not inconsistent with the existing law as the Postmaster-General shall prescribe and subject to his direction and control."

There also appears to be a difference of opinion as to whether the responsibility for an overexpenditure of any appropriation rests on the purchasing agent or on the heads of the respective bureaus. As a result of this difference of opinion the office of the purchasing agent has been, and is still, keeping certain books of accounts and records which are not necessary in connection with the making of contracts or the purchase of supplies, but afford only a check on the expenditures under different appropriations, and which are in effect duplicates of those kept in other divisions as well as in the office of the Auditor. The commission will notice here evidence of the want of interdependence between divisions and sections, resulting in duplications of records by different divisions, in place of the common use of one set of records by all.

On February 2, 1907, a report was made to the Postmaster-General by a committee appointed by him on November 5, 1906, to investigate the existing relations between the office of the purchasing agent and the other offices of the Post-Office Department, particularly with a view to defining the duties of the purchasing agent, in so far as the purchase of supplies is concerned, and to recommend any necessary changes in the Postal Laws and Regulations. A copy

of this report, together with a minority report of one member of the committee, and the reply of the rest of the committee to that minority report, is submitted herewith (Exhibit 3*a*).

The majority of the committee recommended that the purchasing agent should be charged with the responsibility of seeing that the appropriations which lie administered were not exceeded, but inasmuch as certain of these appropriations had reference partly to the purchase of supplies and partly to other expenditures which could not in any way come under the control of the purchasing agent, they were obliged to recommend also that the Postmaster-General should divide such appropriations and charge the purchasing agent with the responsibility for a portion thereof only. They further recommended that the purchasing agent as well as the division chiefs concerned should keep appropriation accounts, thereby perpetuating the existing duplication of records. The keeping of these accounts in the office of the purchasing agent was, however, objected to strongly by the minority member of the committee, who contended that if the officer making the requisition submitted therewith a certificate to the effect that the appropriation out of which such purchase was to be made would warrant that purchase the purchasing agent should be relieved of all responsibility for the condition of the appropriation. The whole matter appears to have been finally settled so far as the Department was concerned by an order of the Postmaster-General (No. 553) dated July 17, 1907, which lays down important rules and regulations as to the duties of the purchasing agent (Exhibit 3 *b*). The Assistant Attorney-General, who was chairman of the special committee, and the purchasing agent, however, both declined to approve of the order for the reason that, in their opinion, the regulations did not carry out the purposes of the act of Congress creating the office of purchasing agent.

It will be noted that paragraph 2 of the order of the Postmaster-General specially provides that a bureau officer controlling an appropriation may authorize postmasters and other postal officials to purchase supplies chargeable to that appropriation, subject to the approval of the purchasing agent in each instance; in other words, the initiative in the purchase in such cases is with the bureau officer and not with the purchasing agent. It also provides that bills for supplies shall be rendered to the head of the bureau who originally makes the requisition on the purchasing agent and shall there be certified as to the receipt of the supplies in the quantity and of the quality corresponding to their requisitions, and that the bills shall thereafter be forwarded to the purchasing agent for his approval. This procedure is, perhaps, liable to delay unnecessarily the payment of bills. The provision in the order that the bureau officer shall keep an accurate account with each contractor or other person or firm from whom supplies are purchased, and also an accurate account of the expenditures from each appropriation under his control, and shall furnish the purchasing agent a weekly statement showing the condition of such appropriations, is noted here for the reason that the general accounting system which we suggest for the whole Department and service provides other and, in our opinion, simpler methods of securing the same results. These remarks also apply to the reference in section 8 of the order to other accounts and records to be kept by the chief clerk of the Post-Office Department and by the Fourth Assistant Postmaster-General. The last paragraph of the order confining the correspondence which the purchasing agent shall conduct to that with contractors and others from whom supplies are purchased deserves particular notice as settling once for all what seems to have been a long-standing cause of dispute between the purchasing agent and the different bureau officers and settling it in a manner which from a business point of view seems to be entirely correct.

(*c*) *Division of chief inspector.*—The division of the chief inspector is one of the most important in the whole postal service, as upon its efficiency depends to a large extent the efficiency of the whole field service.

The executive branch of this division consists of the chief inspector, appointed by the Postmaster-General at a salary of $4,000 per annum; a chief clerk at a salary of $2,000 per annum; 68 clerks at salaries ranging from $900 to $1,800 per annum, and 4 messengers at $660 to $720 per annum. The field organization comprises a force of 362 inspectors and 75 clerks, who are distributed throughout the country under 15 inspectors in charge, located at the following cities: Boston, Chattanooga, Chicago, Cincinnati, Denver, Kansas City, New Orleans, New York, Philadelphia, St. Louis, St. Paul, San Francisco, San Juan (P. R.), Spokane, Washington.

The salaries of inspectors in charge are $3,000 per annum each, and those of the field inspectors range from $1,200 up to $2,400, all of these appointments being made by the Postmaster-General on the recommendation of the chief inspector.

The duties of the chief inspector comprise—

(1) The investigation of all complaints with regard to registered mail.

(2) Investigation of complaints dealing with unregistered mail.

(3) Investigation of all inquiries concerning foreign mail.

(4) Inspection of the city free-delivery service.

(5) Investigation of cases of improper uses of the mails, violations of postal laws, and complaints against postmasters and other employees.

(6) Investigation of money-order offices and of irregularities in money-order matters.

(7) Investigation of depredations, i. e., mail robberies, wrecks, fires, robberies of post-offices, etc.

(8) Investigation as to the sufficiency of bonds given by postmasters.

(9) Collection of balances due by retiring or delinquent postmasters, at the request of the Auditor for the Post-Office Department.

(10) Investigation and report to the First Assistant Postmaster-General as to the necessity or advisability of the establishment, discontinuance, or change in the name of a post-office.

(11) Investigation of proposed rural free-delivery routes.

There seems to be considerable delay in dealing with cases throughout the chief inspector's division, and it appears that frequently from three to four months elapse before a case referred to it for examination is taken up in the ordinary routine. This delay is also noticeable in connection with the investigation of rural free-delivery routes, our information being that it frequently takes from six weeks to four months to obtain a report upon an application made for the establishment of a route. The files of all cases sumbitted to this division are said to be preserved for an indefinite period, and the large space thus occupied is a source of increasing inconvenience and expense to the Department.

The chief inspector's division supervises the accounts of all field inspectors and passes the same for payment, prior to the audit which is subsequently made in the office of the Auditor for the Post-Office Department.

In addition to the services in the field in relation to all the above matters which are in the province of the chief inspector, the field inspectors are supposed to audit the accounts of postmasters periodically, at uncertain intervals, to the extent of verifying the supplies of stamps and cash on hand at the time of their visits.

The general organization of the division appears, on the whole, to be satisfactory, subject to certain minor suggestions which we shall have to make, and the main reason for the delays above referred to would seem to be that the staff of men allotted for this important work is entirely inadequate. The records show that during the fiscal years ending June 30, 1906–7, respectively, the inspections of post-offices covered 24,000 and 32,000, respectively, out of a total of approximately 64,000 offices. The chief inspector estimates that during the year 1907–8 his force will be able to inspect the whole of the money-order offices, numbering 33,500. In view of the fact that the correctness or otherwise of postmasters' accounts depends entirely on the accuracy of their statement of the balances of stamps and cash on hand at the end of each quarter, it would appear that this limited inspection—or cash audit, as it may be termed—is altogether insufficient to safeguard the interests of the Department. There can be no doubt that with an adequate force of inspectors and with an extension of their field duties to a general examination of the work at post-offices, the efficiency of the service could be largely increased and the number of irregularities, some resulting from defalcations and many from delay in rendering necessary statements, could be materially reduced.

In the course of their work the inspectors frequently have to make collections of cash from all or any of the following sources:

(1) Surplus postal and money-order funds in the hands of delinquent postmasters.

(2) Recoveries made on wrongly paid money orders, either from the parties to whom they were paid in error or from the postmasters paying them.

(3) Penalties for offenses against the postal laws and regulations.

(4) Claims made against fourth-class postmasters in respect of excessive *compensation resulting from* fraudulent statements of cancellations.

(5) Claims against employees or others for loss of or damages to registered mail, or wrongly delivered ordinary mail.

(6) Claim against employees or the public for damages to property of the Department.

(7) Recoveries from burglaries and other depredations.

(8) Money found loose in the mails.

These collections, which it will be seen are of a varied nature, pass through various channels. Those which can be clearly traced as belonging to individuals are turned over by the inspectors in the field to these individuals; collections from postmasters for balances due are paid into the authorized depositaries for those postmasters; money found loose in the mails and unclaimed is remitted to the Dead-Letter Office, and the remainder of the money is sent to the chief inspector, who retains the same in a banking account in Washington in his own name, upon which he is supposed to draw only as sanctioned by the Postmaster-General. It will be evident that upon such miscellaneous collections it is next to impossible to have any really satisfactory check although some improvements, which will be hereafter suggested, can be made in this direction. The retention, however, by the chief inspector in a banking account in his own name of moneys collected for the Department, certainly can not be justified in any way, nor does it appear to be in the least necessary. The approval of the Postmaster-General to any withdrawal from this account appears to be merely a matter of form, inasmuch as his signature is not required on the checks, and he therefore has no means of knowing whether moneys have been drawn without such approval. No audit of this account is made by the Auditor for the Post-Office Department, who has no cognizance thereof, and while we understand that the chief inspector details some of his force from time to time to audit the books of the cashier who keeps the accounts relating to this banking account, it appears that the last of such audits took place in May, 1906. The cashier also keeps the ledger relating to these cash transactions, thereby infringing the elementary principle that the handling of cash and the keeping of books which are supposed to be a check upon such cash should never be vested in the same person. With the exception of the existence of this private account in the name of the chief inspector and the manner in which it is handled in his office, it would appear that reasonable precautions are taken to insure that all collections made in the field are properly disposed of either to the person entitled thereto or to the chief inspector's office in Washington. The system of accounting suggested in Section VII of this report provides for a method of keeping these accounts more in accordance with ordinary business principles and without any hindrance of the performance of the work of the chief inspector.

Incidentally we would call attention to the statement on page 109 of the report of the Chief Inspector for the year 1905–6, in which he appears to claim that the expenses of his division were met by the collections, but omits to state that of the total sum of $515,540.23 so collected a comparatively small proportion represented additional revenue to the Department.

(*d*) *Division of the Chief Clerk and Superintendent of Buildings.*—The chief clerk to the Postmaster-General is charged with the general care of the Post-Office Department building in Washington, superintends the Government printing section, the stationery and supplies, and the telegraph and telephone services for the Department; he also supervises the publication of the Postal Guide and superintends the work of the appointment and journal clerks.

The business of the Department has long since outgrown the space available in the Post-Office building, and the Department is now obliged to occupy in addition offices in the city at a rental of $32,000 per annum, which is equivalent to the interest, at 3 per cent, on an outlay of over $1,000,000. The space now occupied is still insufficient for present requirements and the offices are overcrowded. Unless reforms effecting substantial saving in space are to be instituted, it would seem worth while to consider whether an appropriation should not be sought for a considerable enlargement of the present quarters, particularly in view of the continual increase in the business of the Department and the consequent increase in the staff. Savings in space can, however, undoubtedly be effected by a shortening of the time for which old papers, particularly paid money orders, and old files are required to be kept; and no doubt the introduction of more efficient methods and of labor-saving devices, the weeding out of inefficient clerks, and a general endeavor to obtain greater efficiency of work throughout the Department, should enable a considerably increased business to be carried out without any increase in the present space.

The printing for the Department is done by the Government Printing Office under an appropriation of $350,000 per annum, made, however, for that Office and not included in the expenditures of the Post-Office Department. The Printing Office renders regular bills to the Department for the work done, which bills are passed by the chief clerk; but no payments are made in respect thereof, nor are they in any way taken up in the accounts of the Department. The work done is supervised, on behalf of the Post-Office Department, by a clerk who, with an assistant, is stationed in the Post-Office building, but is paid out of the appropriation above mentioned. The Government Printing Office purchases for the Department a number of copyright manifolding books which are charged against this appropriation at cost plus 10 per cent. It further appears that, with the exception of copyright books, facing slips and money-order blanks, and forms for which special appropriations are made and charged to the Department, all printing work is done at the Government Printing Office, even though it might be done at a less expense by private firms. While it is true that as the Department is not charged with the cost it is immaterial to them whether it is high or low, at the same time it would seem to be worth inquiring whether the sum of $350,000 at present voted to the Government Printing Office might not be employed to better advantage if it were voted to the Post-Office Department and that Department were allowed to expend it for the purpose of supplies wherever they saw fit.

The stock of stationery for the use of the Department as distinct from the service is kept under the supervision of the chief clerk. Supplies are purchased by the purchasing agent and the system of requisition on the purchasing agent by the chief clerk, and the methods of the issuance and care of supplies appear to be good. An inventory of stock is taken periodically and the book records adjusted in accordance therewith. Inasmuch, however, as a large storeroom is maintained in the division of supplies, it would hardly seem necessary to maintain this stationery room involving the employment of an additional store clerk.

The chief clerk's division employs two telegraphers, whose salaries are paid by the Department. This appears to be an unnecessary expense and it would seem that arrangements might be made with the telegraph companies to maintain an office in the Department building, having regard to the large amount of telegraphic business which must originate there.

The appointment clerk keeps records of the applications and history of all clerks in the Department, and also a card register for each employee containing his service record, and an alphabetical record of all employees.

These records can undoubtedly be simplified, especially when it is considered that each bureau, division, and section throughout the Department duplicates the records relating to its own particular staff. Incidentally it may be noted that upon each increase in his salary a clerk is required to take a fresh oath of office, without which the Auditor refuses to pass the change.

(*c*) *Disbursing Clerk.*—The remaining division in the office of the Postmaster-General is that of the disbursing clerk, who disburses all funds covered by the appropriations for the Post-Office Department. He also collects moneys received from the sale of postal maps and for sales of waste and scrap materials originating in the Post-Office Department. The former receipts are permitted by law to be used in amounts up to $3,000 in aid of the appropriation for the purchase of materials and manufacture of additional maps, but the latter receipts are required to be covered into the Treasury. A quarterly account is rendered to the Auditor for the Post-Office Department and the accounts of the disbursing clerk are also checked up weekly by a committee appointed by the Postmaster-General.

2. FIRST ASSISTANT POSTMASTER-GENERAL.

The bureau of the First Assistant Postmaster-General is charged at present with the supervision of the following divisions, namely:

(*a*) Appointments.
(*b*) Salaries and allowances.
(*c*) City delivery.

(*a*) *Division of Appointments.*—This division acts upon the appointment of postmasters, the preparation of their bonds, and the issuing of their commissions, directs promotions from one class to another, and considers complaints against them, which complaints are investigated by the Division of the Chief Inspector. The appointments of postmasters are, as a rule, entirely political, those of the first, second, and third class being made by the President by and

with the advice and consent of the Senate, and those of the fourth class by the Postmaster-General.

Complete records of appointments and additional records of bonds are kept in books written up from the original appointments and other documents, but the substitution of card records is now being considered. After the appointments have been settled they are recorded on the journals, which form the official records of the Bureau. Separate journals are prepared for Presidential and fourth-class appointments, the former being prepared in quadruplicate, one copy of which is signed by the President and forwarded to the Senate for confirmation. It would seem that the amount of correspondence entailed upon this division in connection with requests for the filling of the appointments, inquiries as to the suitability of those nominated, the execution of bonds and approvals, entails a great deal of work, some of which, it would seem, might well be avoided by changes in method. The abolition of political appointments, in favor of those who may have grown up in the service, would probably relieve the division of a great part of the political work which is now entailed upon it. The establishment of card records should also considerably reduce the work after they were once started, and it is worthy of note that in many other divisions of the Department these card records have already been put into use. The work in connection with bonds and securities under the present system would appear to be susceptible of reduction, especially in connection with the verification of the sufficiency of the sureties. Bonds of postmasters are supposed to be examined every two years for this purpose, but it appears that the time occupied in such revision is so great that the bond has run for three years out of the four for which it lasts before these reports are received. There also appears to be a good deal of extra expense involved in printing large numbers of different forms of bonds, when with very slight variations in wording it would seem that one uniform form, with blanks to be filled in on the typewriter, would save a good deal of expense in printing without materially increasing the work at present involved.

In addition to the appointment of postmasters the division is also charged with the establishment of new fourth-class offices upon satisfactory evidence of the necessity therefor. The names of such post-offices are approved and the method of their service prescribed by the Second Assistant Postmaster-General, but in other respects it does not appear that their establishment is in any way dependent upon a recommendation from other divisions of the service or is referred to them for consideration.

(*b*) *Division of Salaries and Allowances.*—This division supervises the revision of salaries of postmasters, assistant postmasters, and clerks in all offices, and the bonding of assistant postmasters and clerks; makes allowances for rent, light, and fuel; for separating services in third and fourth class post-offices, and for sundry purposes, including canceling machines; makes contracts for renting post-office premises and for the establishment of post-office stations; and establishes regulations and rates for the use of post-office boxes. The allowances made are incorporated in a journal which is prepared in triplicate, one copy being sent to the Postmaster-General for his signature, one copy retained in the division, and the third copy sent to the Auditor for the Post-Office Department. Attached to this division there is a corps of special agents or inspectors, receiving salaries of $2,000 per annum in addition to $4 per day for expenses and Pullman fares at night, who are employed in making contracts for rental of buildings, etc. The attachment of these inspectors to this division seems to involve a loss of efficiency in the service generally, as the same duties might be performed by post-office inspectors, and if these special agents were transferred to that division they would aid in increasing its efficiency.

Under the law of June 13, 1898, the assistant postmasters and cashiers at first, second, and third class post-offices, and such other employees as the Postmaster-General may think necessary, are required to give a bond to the United States. In pursuance of his discretion the Postmaster-General has provided that clerks holding certain positions enumerated in section 314 of the Postal Laws and Regulations shall give bonds in addition to those specifically designated by law. By a change made in the appropriation act for the year 1907–8 the classification of clerks has been changed, so that below the salary of $1,200 per annum all the clerks are merged in one general title, and it is no longer possible for the division to ascertain which of them occupy positions so enumerated in the Regulations. The practice in the Division appears to be that care is taken to see that at their appointment all specified clerks receiving $1,200 or over give bond. All bonds

which postmasters choose to send in for other employees are filed with the Department whether such clerks are required to give bond or not, but there is no assurance that all clerks receiving salaries of less than $1,200, who are required to give bond, are actually bonded.

When once bonds have been obtained no further reference thereto is made for the purpose of seeing that in the case of personal bonds the sureties are still alive. Bonds given by surety companies are perpetual whether the premium is paid or not, and the Department receives much correspondence daily calling attention to clerks who have not paid their annual premiums. The Department has, however, no power to enforce these payments.

It appears that the work in this section of the division is considerably in arrears for the want of a sufficient staff.

Further reference to this subject will be made in another portion of this report.

(*c*) *Division of City Delivery.*—Free city delivery is granted only to post-offices which have receipts of not less than $10,000 per annum, and there are also certain conditions that sidewalks must be paved and houses numbered. As in the case of clerks in post-offices, bonds given by the letter carriers are not required by the Department to be renewed. There seems to be considerable delay in determining upon the necessity of additional letter carriers for which request has been made, decisions on such requests being, in the absence of adequate and reliable statistics, necessarily based on reports of inspections. In a particular case brought to our notice three separate inspections were made, resulting in recommendations for the appointment of nine, one, and three carriers, respectively. The assistant superintendent of the division then made an inspection himself and finally authorized seven additional carriers. This process, however, took six months, during which time—assuming that the seven carriers finally granted were needed at the time of the first request—the service in this place must have been seriously hampered.

(*d*) *General remarks.*—Many of the defects noted in the examination of the work of the above-mentioned divisions would seem to result from over-centralization.

Every request, of even the smallest post-office, for allowances for any purpose whatever has to be made to the headquarters at Washington. Allowances are, in a large number of cases, for amounts less than $1, and it would seem that if there were a district superintendent in the field who could pass on such matters it would save a large amount of routine work and consequent expense in the Department at Washington. From the fact that it has to deal with nearly 65,000 postmasters scattered over a vast area of territory, it can not be in a position to determine intelligently or efficiently upon the needs of each.

The bureau chiefs appear to spend an increasing amount of their time in the mere routine work of signing formal documents and passing upon requests of various kinds for allowances, or otherwise, which could be intrusted to properly qualified officials in the field without detriment to the postal service. This point recurs at every stage of the inquiry, and appears to call for some radical change in administrative methods if, by the continual growth of the postal business, the Department is not either to lose control over the service or to exercise this control in such a perfunctory manner as to make it practically useless.

3. SECOND ASSISTANT POSTMASTER-GENERAL.

The bureau of the Second Assistant Postmaster-General is the only one which constitutes a distinct branch of the postal service, namely, that of the transportation of mails and management of railway post-offices which is intimately connected therewith. For this purpose it is divided into six sections, as follows:

(*a*) *Railway adjustment division.*—This division arranges all routes and changes therein for transportation of mails on all railroad lines and contracts, renewals, and changes in the case of electric and other car lines, screen wagon, pneumatic tube, and mail-messenger service.

(*b*) *Contract division.*—This division arranges all contracts and renewals and changes therein for the transportation of the mails on all star and steamboat routes.

(*c*) *Inspection division.*—This division supervises and certifies to the auditor for the Post-Office Department, the services on the routes, and contracts arranged by the two previous divisions, and determines the fines and deductions thereunder.

(*d*) *Foreign mails division.*—This division has charge of the sea transportation of foreign mails, both inward and outward, and certain miscellaneous duties.

(*e*) *Railway mail service division.*—This division has charge of the actual work carried out by the Post-Office Department in connection with the transportation of mails, including the quadrennial weighing thereof for the purpose of adjusting the pay, and the management of the railway post-offices.

(*f*) *Equipment division.*—The equipment division supervises the purchase, maintenance, and distribution of mail bags, and the mail-bag repair shops and lock manufacturing and repair shops operated by the Department.

We will now deal with each of these divisions separately.

(*a*) *Railway adjustment division.*—Compensation to railroads for transportation of mails is based entirely upon the quadrennial weighing, extending in each four years over a period of not less than ninety working days, which, on the theory that Sunday is not a working day, has been interpreted as requiring a weighing for one hundred and five days, the country being divided into four districts for this purpose. The rates of pay are arrived at on a fixed scale depending upon the weighing so ascertained and the lengths of the routes.

In the case of the establishment of new routes between two quadrennial weighings the compensation is determined by bargain, the maximum compensation not exceeding $42.75 per annum per mile of route.

A point of considerable importance in the determination of the compensation to railroads for carrying the mails should here be mentioned. For many years past, although the weights have been taken continuously for a certain number of days, the divisor for the purpose of arriving at the average daily weight has been based upon the number of working days only in the period. By an order of the Postmaster-General, dated March 2, 1907, it was required that the number of days for which the weights are taken should be used as the divisor.

Compensation for electric or cable service on routes 20 miles or over in length is based upon a similar quadrennial weighing. Other electric or cable car closed-pouch service is paid for on the mile basis. Independent cars or compartments in other cars are paid for on the basis of the space allotted and the distance run.

The detail of the pay for railroads and electric service is given in Exhibit 3c.

Screen-wagon service comprises—

(a) Service between offices, and between post-offices and railroads, steamboats, and street cars.

(b) Transfer service between railroads, steamboats, and street cars.

(c) Mail station service between mail stations and post-offices.

Contracts for these services are awarded to the makers of lowest acceptable bids for four years, received as a result of public advertisements, as in the case of the contract division referred to hereafter. Pneumatic-tube service is handled in the same way, but contracts are made for ten years.

Mail-messenger service is awarded to the lowest acceptable bidder, as in the case of screen-wagon service, excepting that the carrier is not under bond or written contract nor required to use any particular class of vehicle. The routes are readvertised locally at such times as service can in the opinion of the Department be obtained at reduced cost.

For all these services route books are written up, giving all the particulars of the service that are required, and all orders prepared for new, renewed or changed services or rates are notified to the contractor and the postmasters concerned and are entered on the journal, a signed copy of which furnishes the Auditor for the Post-Office Department with his information.

These route books, in fact, contain a complete record of the contract and all changes in the service during its whole term, and practically form the official record of the service. It will be seen in the course of this report that these route books are duplicated two or three times, and it is worthy of consideration whether these records can not be prepared originally with as many carbon copies as might be necessary, thus saving a considerable amount of labor. General suggestions on the subject will be found in Section X.

Daybooks are also kept containing particulars of all orders in summary form showing the annual rate of pay, separate daybooks being kept for each class of service; the amounts are not added up in some instances, and the books do not appear to serve any useful purpose.

Another duty of this division is the authorization of salaries for the special mail weighers who are employed in the railway mail service during the time of

the quadrennial weighing. These men are engaged and supervised by the railway mail service division, which should control the appropriation.

This division is also charged at present with the duty of passing freight bills for freight on envelopes, wrappers, postal cards, and mail sacks distributed over the country. The freight in these cases is, as a rule, paid by the postmasters in the field, and it can readily be seen that the routine of getting small freight bills paid thousands of miles away from Washington passed by the Department in Washington, entails considerable delay and waste of time and energy, the more so as the Auditor for the Post-Office Department does not pass such bills to the credit of the postmaster until they have been certified by this division.

It is evident that a mass of statistical information is recorded, but in collecting this data no consideration appears to have been given to its proper use, and tabulation of weights are made by men inexperienced in the use of figures and the risk of error is consequently great.

(*b*) *Contract division.*—For the purpose of this division the whole country is divided into four sections, corresponding with those adopted by the railway adjustment division and bids for star and steamboat route service are invited in each section once in four years. These bids are certified by the local postmasters and are also sworn to by the bidder and his sureties. The bids are opened and passed upon by a committee of three, and in recording and handling these bids there appears to be considerable duplication, particularly having regard to the small number now received here as compared with ten years ago.

The committee is required to record all bids received, and the contract is then awarded by the chief clerk of the bureau or the division to the lowest responsible bidder in accordance with the certificate of this committee.

Abstracts of the accepted bids are subsequently entered in the official journal and submitted to the Postmaster-General, after which contracts are prepared and signed in duplicate, one being retained in the division and the duplicate being sent to the Auditor for the Post-Office Department.

All new routes established within the quadrennial period follow the same procedure excepting that the advertisements are made by notices posted at the local post-offices.

Subletting of contracts is only permitted for special reasons, and in such cases the whole pay goes to the subcontractor, for whom the original contractor and his sureties are held liable.

The principal books and records kept in this division resemble those of the adjustment division. In addition, however, to the daybooks sheets are kept entitled "Reports of changes," which appear to be to a large extent duplicates of the daybooks and unnecessary.

(*c*) *Inspection division.*—The inspection division is charged with the duty of passing upon the manner in which the contracts and other arrangements entered into by the contract and railway adjustment divisions, are performed. This involves a duplication of all the route books prepared and kept in these two divisions, as well as the preparation of separate orders for fines and deduction and a separate daybook and a separate journal. The daybook, as in the other cases already mentioned, appears to be entirely unnecessary.

The manner in which the fines and deductions for failure of service are made may be briefly described. A quarterly affidavit is rendered by the railroad manager, stating that service has been performed and enumerating in detail every failure or late arrival of trains that has occurred during the quarter. This affidavit does not come direct to the inspection division, but first of all passes through the hands of the local divisional office of the railway mail service, where the list of failures and detours is checked by the superintendent of the divisional office with the railroad manager and, if necessary, the affidavit corrected. The affidavit is then certified as correct by the divisional superintendent and forwarded by him to the inspection division.

The division investigates the cause of failures and levies the fines, calculating the same on train values. These train values are computed by the clerks levying the fines and are made up from returns furnished by the divisional office of the railway mail service. There is no check upon the calculations of the inspection clerk who works out the train values.

The proper method of calculating train values would seem to be that by which the ton-miles of mail carried are originally ascertained at each quadrennial weighing, namely, multiplying the amount of mail carried between each two stopping points by the number of miles between the two points and

adding together the results so obtained for each train. The proportion which the ton-miles so obtained bears to the ton-miles of all trains of that route will represent the proportion of the compensation for that route applicable to the particular train, or, in other words, the train value.

Inquiries made in the division of railway mail service in the Department developed the fact that the superintendent and his immediate assistants were entirely ignorant of the methods employed in the field to calculate the train values, and further inquiries made in the divisional offices showed that the methods employed varied in each. The following examples are instructive:

In the ninth division the method above outlined is followed in the case of the larger routes where some trains run over part of the route, but on smaller routes in this division and in the third division, where all trains run over the entire route, the value is arrived at by dividing the total weight taken on by each train by the total weight taken on by all trains.

In the second division the total weight of mail taken on during the trip multiplied by the total distance the train runs is adopted as the basis of the train value. In the fifth division the total mail taken on at the commencement of the trip added to the total mail put off at the end of the trip divided by two and multiplied by the total distance run taken as the basis.

The following statement shows, on an actual route, the difference in the train values obtained under the methods described above, viz:

Train No.	Distance train runs.	Method second division.	Method third division.	Method fifth division.	Correct method.
	Miles.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
65	68.9	13.5	8	6.9	7.3
11	68.4	4.5	3	1.9	3.2
49	15.6	5.4	13	9	9.1
91	15.6	3.4	8	5.6	5.6
64	68.9	36	20	31.8	33
12	68.4	23.1	13	21.2	18
48	15.6	8.2	20	13.6	13.7
90	15.6	5.9	15	10	10.1
		100	100	100	100

From these figures it will be seen that the fines levied for failure or partial failure of any train will vary very considerably according to the divisional office to which the route is attached. To each clerk in the division certain routes are assigned upon which he assesses the fines, and no changes appear to be made in the routes assigned to him over long periods of years. There is no check upon the amounts which he certifies, nor is there any information in the auditor's or finance division by which that amount could be checked even if it were desired.

It is questionable whether this method of levying fines is in any way correct or equitable, the principal adopted being that in case of failure to perform the whole or part of the service an equivalent proportion of the total compensation to the railroad should be deducted, ignoring the fact that the mail is carried in either case, and that the only reason for fines is that it is not carried on the particular train contracted for, but on another one at a slower rate.

The staffs employed in these three divisions are as follows:

	Salaries per annum.
Contract Division:	
Chief	$2,000
47 clerks, 2 assistants	$720 to 1,800
Railway adjustment division:	
Superintendent	2,500
19 clerks	720 to 1,800
Inspection division:	
Chief	2,000
52 clerks	720 to 1,800

It will be evident that the chief of the inspection division has to duplicate all of the knowledge and experience of the other two divisions, and at least one head might be dispensed with if it were found practicable to amalgamate these divisions.

(*d*) *Foreign mails division.*—The transportation of foreign mails consists of five different kinds of service.

1. By vessels on the United States register under contract, which are paid at the following special rates:

Ships of first class, at not exceeding $4 per mile traveled.

Ships of second class, at not exceeding $2 per mile traveled.

Ships of third class, at not exceeding $1 per mile traveled.

Ships of fourth class, at not exceeding $0.66⅔ per mile traveled.

The Attorney-General has ruled that miles traveled means land miles and not nautical miles as might reasonably have been supposed.

Contracts are stated to be made with the lowest responsible bidder, but, presumably because the rates are specified in the act, it does not appear that any bidder is forthcoming with bids lower than those stated in the act.

2. Vessels on the United States register not under contract, which receive an amount not exceeding the full sea and inland postage on the mail carried by them, the pay actually awarded to which will be, after October 1, 1907, 80 cents per pound for letters and 8 cents per pound for prints.

3. Vessels on foreign register not under contract which receive the rates fixed by the Universal Postal Union, which, after October 1, 1907, will be 4 francs per kilo, equivalent to about 35 cents per pound, for letters, and 50 centimes per kilo, equivalent to about 4½ cents per pound, for prints.

4. Territorial transit of foreign mails across the United States, and maritime transportation to countries beyond.

5. Maritime and territorial transit of United States mail across foreign countries.

The following instances, taken from the report of the Postmaster-General for the fiscal year ended June 30, 1906, show the curious discrepancies between the rates paid under these contracts for what are practically similar services:

1. *Trans-Atlantic service.*

International Mercantile Marine, United States register, under contract, equivalent to 24.8 cents per pound carried.

White Star Line, foreign register, equivalent to 11.74 cents per pound carried.

North German Lloyd, foreign register, 11.17 cents per pound carried.

2. *Trans-Pacific service.*

Oceanic Steamship Company, United States register, under contract, equivalent to 50 cents per pound carried.

Pacific Mail, United States register, equivalent to 16.41 cents per pound carried.

Great Northern Steamship Company, United States register, 17.67 cents per pound carried.

3. *West Indies service.*

American Mail, United States register, under contract, $1.68 per pound carried.

Boulton, Bliss & Dallett, United States register, under contract, 29.45 cents per pound carried.

New York and Cuba Mail, United States register, under contract, 80.32 cents per pound carried.

United Fruit Company, United States and British registers, 6.47 cents per pound carried.

Royal Mail Steamship Company, foreign register, 7 cents per pound carried.

The variation in rates for similar services in the case of contract steamships is due partly to the class of steamers and partly to the variation in relative quantities of letters and other matter carried. The differences between the prices paid show that in effect the Post-Office Department is paying large subsidies to the contract service and to ships not under contract rates, which would not be necessary were it not for the provisions of the law protecting ships on the United States register. The contracts include, in addition to the provisions for carrying the mails, stipulations that the steamers are fit for service as cruisers; that they must be placed at the disposal of the Government when required, and that the crew shall not include more than a certain percentage of foreigners.

These are all, no doubt, most valuable stipulations from the point of view of the country at large, but they have no relation whatever to the Post-Office Department, which should not be saddled with the consequent expense.

If service by ships on the United States register were performed at the Postal Union rates, the total amount paid for the year to June 30, 1906, for transportation of foreign mails would be reduced from $1,700,000 to $500,000, and the balance of $1,200,000 must be considered as a subsidy which should be paid by some other Government Department.

It is interesting to note that by some extraordinary error the information given by the Department to the Bureau of Inernational Statistics at Berne states that the subsidies paid by the United States Government in excess of compensation for carrying the mails, at practically the whole amount of the pay for foreign mail transportation. Although this statement is made in the printed report of the Superintendent of Foreign Mail Service, it does not appear that the inaccuracy was ever discovered either by himself or by any other of the officials of the Department, and that such a statement should be submitted and passed without criticism does not indicate any great care in the preparation of reports or interest in them on the part of the Department after their preparation.

Under the rules of the Postal Union, in addition to the specified rates for sea postage there are special rates for transportation across foreign countries. These are based upon the general weighing taken every six years in the first twenty-eight days of May and December alternately, and a semiannual count is also made for the first seven days of April and October in each year. Any country has the option of demanding a fresh weighing at intervals of not less than six months, but it does not appear that this privilege is availed of.

Statistics are kept in this division of the weights of all mails shipped, including, up to the present, parcels-post packages, but it is understood, that the latter will shortly be discontinued. It does not appear that this tabulation of weights is ever used for the purpose of comparison with the rates paid for transit across foreign countries, with a view to determining whether or not it is desirable to demand a fresh weighing.

A mass of statistics is published every year in the report of the superintendent of the division, and we have observed here, as in other divisions, that the statistical records appear to be largely kept for inclusion in the annual report, rather than for use in the administration of the Department.

The records kept in this division are as follows:

1. Register of over-sea mail originating in the United States, written up from the reports of all mails shipped, made up in duplicate by the exchange post-offices, that is, post-offices from which foreign mail is shipped.
2. Records of the weights of foreign mail transported across the United States from one foreign country to another.
3. Ocean mail contract book corresponding to route registers for inland mail already described.
4. Trip reports of steamers to show their speed and other particulars.
5. Record of parcels received and dispatched by foreign parcels-post.
6. Reports from sea post-offices, that is post-offices maintained on steamers by the Department.
7. Sea post-office clerks register, which is kept in duplicate in Washington and New York.

The division also conducts examinations for sea post-office clerks in sorting, routes, etc., similar to those conducted for railway postal clerks.

(*e*) *Railway mail service.*—With headquarters at Washington, the field organization is divided into 11 separate divisions, at Atlanta, Boston, Chicago, Cincinnati, Cleveland, Fort Worth, New York, St. Louis, St. Paul, San Francisco, and Washington, each under the supervision of a superintendent and an assistant superintendent. In addition there are 91 chief clerks, stationed at important points, to give a direct supervision over the transportation of mails and over the railway post-office clerks and mail weighers, who number about 14,000. The division also has allotted to it 24 assistant superintendents, whose duties are entirely those of inspection. This decentralized organization, whilst capable of much improvement, is specially commended to the attention of your Commission, in view of suggestions which will be made in this report of similar plans of operation for other branches of the service.

A statistician is also employed in this division who keeps records of the clerks employed, of the various grades, and of the vacancies, and prepares and makes summaries of orders under the various appropriation headings, which

are handed to the statistician of the Bureau. He also prepares the various statistical tables contained in the annual report of the general superintendent.

(*f*) *Division of Equipment.*—This division is charged with supplying to the field service mail bags and mail locks as required. Mail bags and pouches and materials and supplies for the mail-bag repair and lock shops are purchased under contract made by the purchasing agent, but deliveries under these contracts, and such purchases as may from time to time be needed not under contract are made by the superintendent of the division, although they are signed as a matter of form by the purchasing agent. This matter has been more thoroughly referred to in dealing with the organization of the division of the purchasing agent, and it is only necessary here to state that any control over purchases or deliveries by this division would seem to be undesirable and that its duties should be limited to making requisitions upon the purchasing agent for such supplies as may be required, the purchasing agent reporting the shipments and the price to this division.

All mail bags and pouches are inspected at Lyons, N. Y., where they are made. Mail-bag depositories are maintained at the same points as division headquarters of the railway mail service, excepting at Cleveland and Fort Worth. Under a recent act the empty equipment is being excluded from the mails in the weighing sections and forwarded to depositories by freight or express when in lots of 500 pounds or more. The same method is adopted in the distribution from depositories to the field.

Metal parts of bags and pouches are manufactured in the lock shop under the supervision of the division and supplied to the contractors as required. There is a mail-bag repair shop maintained at Washington to which all mail bags and pouches requiring repairs are supposed to be sent. This involves a large amount of transportation backwards and forwards from the depositories to Washington, and it is worthy of consideration whether there should not be attached to each mail-bag depository a certain number of employees for the purpose of repairing these bags. In cases of emergency repairs are allowed to be made at local points, but the whole expenditure for the year ending June 30, 1906, amounted to only $64.20.

It would seem that the inspection of bags is not as efficient as it should be, as on a recent examination of those sent in to the mail-bag storehouse as in perfect condition, many were found to be in need of repair. We also noted incidentally that a test of bags returned to the store during two consecutive days in May, 1907, disclosed 82 pieces of mail matter still left in the bags. Condemned bags are cut up and sold to contractors by tenders at the commencement of each year, based on an estimate made by the division. For the sale of other material not covered by these contracts, bids are invited. Proceeds of these sales are treated as miscellaneous revenue, but it would seem that they should preferably be treated as a credit to the appropriation.

Complete and satisfactory stock records of materials in stores by quantities are kept in the division, but there are no cost records, showing either the average cost of repairs or the average cost of locks and other metal fittings manufactured in the lock shop.

4. THIRD ASSISTANT POSTMASTER-GENERAL.

The duties assigned at the present time to the Bureau of the Third Assistant Postmaster-General include the supervision of the following divisions—

Division of finance, with a superintendent, assistant superintendent, and 28 clerks.

Division of stamps, with a superintendent and 82 clerks.

Division of money orders, with a superintendent and 51 clerks.

Division of registered mail, with a superintendent, 6 assistant superintendents, and 18 clerks.

Division of classification, with a superintendent, 4 special agents, and 40 clerks.

Division of redemption, with a chief and 11 clerks.

or a total of 18 superintendents, assistant superintendents, or chiefs, and 230 clerks.

The varied duties of this Bureau are perhaps more indicative of the present Bureau system than can be found elsewhere. It will be observed that there is practically no connection between any two of the divisions, while some of them are closely related to divisions in other bureaus. For instance, the divisions of *stamps and redemption* are concerned with the purchase and issue of stamped

paper, and combine the duties of the purchasing agent with those of the division of supplies. The divisions of money orders and registered mail relate entirely to the supervision of duties of postmasters in the field. The division of classification is an important one in itself, and has no relation to any other.

The grouping of all these various duties under one head and the practical establishment of the Bureau so constituted as a separate unit, practically independent, as already stated, of any other bureau, appears to be one of the great weaknesses of the present organization of the Post-Office Department.

(*a*) *Division of finance.*—The position of the division of finance may be defined as equivalent to that of the treasurer in a private corporation, the Treasurer of the United States standing in the same relation to the division of finance as a banker to the treasurer of a private corporation.

The duties of the division consist of the drawing of pay and receipt warrants and transfer drafts and the signing of collection drafts prepared in the office of the Auditor. It also draws requisitions on the Treasurer for deficiency grants from time to time as required and records the miscellaneous revenues of the Post-Office Department.

The authority for the drawing of a pay warrant is a report for payment received from the Auditor over the signature of the Deputy Auditor. These reports for payment when received go through the following steps:

(1) They are separated according to the Treasury depositaries upon whom the warrants are to be drawn.

(2) The names of the depositaries are stamped on the reports.

(3) Numbers are stamped consecutively for each depositary on the reports for payment.

(4) A daily list of these numbers is sent to the superintendent.

(5) Reports are entered in a separate warrant register for each depositary.

(6) The blank warrants are drawn from the vaults in sheets of 4, and warrants are prepared on the typewriter from the reports and initialed by the clerks preparing them.

(7) Warrants are compared with the reports and done up in bundles, on each of which is placed a facing slip prepared and initialed by the clerk responsible.

(8) Warrants are distributed for signature and the number of warrants sent to each clerk noted in a book entitled "Record of Warrants Distributed." Any officer or employee above the grade og gourth-class clerks are permitted by law to sign warrants. It is the practice of the division to designate different clerks for this purpose each day.

(9) After signature the warrants are checked off with the book record referred to above, entered in a transit record and sent to the warrant section of the office of the Auditor for the Post-Office Department, accompanied by the reports.

(10) In the Auditor's office (warrant section) they are compared with the reports and again registered.

(11) They are then sent to the divisions of the Auditor's office where the reports for payment originated and are checked with the original records of the clerks who prepared these reports.

(12) They are then signed by the Deputy Auditor, who had also previously signed the reports for payment.

(13) They are next returned to the division of finance, checked with the facing slips, and marked off on the transit records.

(14) They are then entered in a record of warrants and sent to the division of postal accounts in the Treasurer's office of the Treasury Department, where the record of warrants is signed by the clerk who takes them to the Treasury and by the clerk who receives them at the Treasury.

(15) They are registered in the division of postal accounts in the Treasury.

(16) They are signed by the Assistant Treasurer or his representative.

(17) They are then returned to the division of finance, which gives a receipt to the Treasury clerk for same and examines them to see that they are all returned.

(18) They are then prepared for mailing and entered on record of warrants mailed.

(19) They are finally mailed by an office boy, over whom no supervision is exercised.

All this routine takes place after reports for payment have been prepared and audited in the office of the Auditor for the Post-Office Department, and

these reports themselves go through quite a lengthy routine before they reach the division of finance.

One of the most striking exceptions to ordinary business and accounting principles is that in spite of all these supposed safeguards the Department retains no evidence to substantiate the payments, inasmuch as the reports for payment are returned to the Auditor's office, as are also the paid warrants after they are received from the Treasurer of the United States.

It seems useless to suggest any amendments or improvements in this process, and we consider it necessary that an entirely new scheme for the preparation and passing of bills for payment and the drawing of warrants therefor should be designed, and our suggestions thereon will be found hereafter in this report. The mere recital of the routine through which reports for payment and warrants go before they are finally mailed to the parties entitled to them, is, we think, sufficient justification for the conclusion at which we have arrived.

In addition to the process herein outlined, the division has recently been endeavoring to undertake at least a partial audit of reports for payment which, as will be seen hereafter, have already been twice audited in the office of the Auditor. For this purpose they are keeping duplicates of many of the records which are now kept in the different bureaus which primarily authorize payments, as well as in one or more divisions of the Auditor's office.

The only safeguard recognized throughout the finance and accounting divisions of the Department appears to be that of duplication. If one duplication does not result in reducing or preventing errors, then another entirely fresh set of records is prepared and an entirely different set of clerks are put on to do the whole work over again from the beginning. This duplication undoubtedly arises partly from the inefficiency of many clerks in the particular divisions, but it is mainly due to the want of any proper accounting system under which checks by totals can be made to take the place of the laborious and unnecessary checks by duplication which at present exist.

Blank warrants are kept in a vault with all the precautions that would be observed if they were bank notes or valuable bonds, and careful memoranda are kept of spoiled or canceled warrants, which are only allowed to be destroyed after inspection by a committee appointed by the Third Assistant Postmaster-General. Inasmuch as these warrants are merely ordinary forms absolutely valueless until they are signed, and as they are not even prepared on any special kind of paper, and can, without difficulty, be altered after they have been signed without much risk of detection, all this care would appear to be misdirected. There is nothing beyond the name of warrant to distinguish it from an ordinary bank check, and it is difficult to see how the extraordinary safeguards which are placed around them ever came to be instituted.

The division also keeps a set of appropriation records in which are recorded all payments made by warrants. Other appropriation records are also kept in two separate divisions of the Auditor's office, and none of these records are found to agree; in fact, they can not agree on account of the different bases on which they are prepared. The division of finance has no advice of the large amount of payments made in the field by postmasters, consequently they have to write their appropriation records up in this respect from the final ones prepared by the Auditor, which are not completed for several months after the close of each quarter.

The appropriation records kept in this division are not balanced or agreed with any other figures, and except for the personal satisfaction which they give to the chief of the division that the totals of the warrants he has recorded do not exceed the appropriations they appear to be of little use. It may be well here to refer shortly to the constant duplication of appropriation records throughout the whole Department, originating, presumably, with the supposed requirement of the law that any official concerned in any way with the payment of money is responsible if the appropriation to which that payment is chargeable is exceeded. It would naturally be supposed that the different bureaus and divisions would arrange between them some way in which one complete set of appropriation expenditures could be kept to which they would all have access at any time, either directly or by reports. One of the results of the bureau system, however, appears to be that while the head of the bureau or division is prepared to trust any of his own clerks to make up statements, he is not prepared to accept the correctness of statements prepared in another bureau or division. As a matter of fact, he exercises no more effective control over the accuracy of the records kept in his own division than he would have *over those which might* be kept in a special accounting division charged with

the preparation of all accounts and statistics required by all divisions. The result is, as noted in various parts of this report, the keeping of a mass of duplicate records, both of accounts and statistics, prepared more or less from the same sources, sometimes checked partially one against the other, but more often not checked at all and serving no useful purpose, though occupying the time of a number of clerks who might be better employed in preparing really valuable statistics under the direction of an officer responsible for placing before the heads of divisions intelligent comparative results of all operations.

This division also keeps ledger accounts with the Treasury and each of the nine subtreasuries and with various national bank depositaries, entries being made through a journal. The Treasury and subtreasuries and the national banks send transcripts every week and every month, and at the close of a quarter the Treasurer of the United States prepares a complete bound transcript of all the transactions for the quarter, which is forwarded to the Auditor. The value of these latter transcripts is very problematical in view of the fact that it is nearly six months after the close of the quarter before they are received; thus for the quarters ending June 30, 1906, and December 31, 1906, the transcripts were received respectively on Decemeber 21, 1906, and May 21, 1907. The preparation of these transcripts must involve a great deal of labor on the part of the Treasurer, and inasmuch as the whole of the information contained therein is already recorded in the transcripts received every week from the individual depositaries, it would seem that they might be discontinued without any disadvantage to the postal service.

Incidentally we would mention that included among the balances stated by the Treasurer to be held by him on account of the Postmaster-General are the following:

Assistant treasurer of the United States, New Orleans	$31,164.44
United States depositary at Little Rock	5,823.50
United States depositary at Savannah	205.76
Unitd States depositary at Galveston	83.36
	37,277.06

These balances are said to represent money confiscated by the Confederate States government in the civil war and have never existed since that time. No one in the division or Department appeared to know anything about them until attention was called thereto by our representatives.

As further evidence of the lack of system in vogue in this division and also of the unreliability of the various figures and statistics incorporated in the annual report on the operation of the Post-Office Department, we would state that in the report of the Third Assistant Postmaster-General for the fiscal year 1906 (p. 278) it is stated that "the amount of balances due the United States from foreign countries received during the year was $55,919.75." The amount received from foreign countries during the year as shown by the books kept by the Auditor is $103,763.07, or $47,844.22 in excess of the amount reported by the division of finance. The difference could not be explained in the division of finance, and after investigating the matter we found that it was composed of the following items:

August 30, 1905 New Zealand	$29,831.04
September 12, 1905, Fiji Islands	72.65
February 23, 1906, Italy	2,332.48
March 17, 1906, Germany	14,632.68
June 14, 1906, Italy	975.37
	47,844.22

It appears that these amounts were deducted from remittances to the countries in question in settlement of balances due by the United States on money-order accounts, and the postal service was reimbursed by the postmaster at New York City, who transferred the equivalent amount from his money-order funds to the postal funds and immediately deposited the same with the assistant treasurer at New York, as shown by the transcript of the latter.

These items were shown separately on the receipts book, into which all transcripts received from Treasury depositaries are recorded, and if it had been desired to state in the report of the division of finance the actual amount of money received from foreign countries, this information would readily have been available from their own records. None of the employees in the finance

division, however, seemed to know that money was received from foreign countries other than that actually passing through their division, or to be aware that these transactions were shown on their own records.

As a result of this discovery, instructions were issued that the total amounts received from foreign countries, including both the amounts actually received in the division of finance and those deducted from money-order remittances and deposited by the postmaster at New York City, should be set forth in the annual report for 1907.

Inasmuch as the system which we have to suggest requires an intimate knowledge of the general methods of the receipt and payment of moneys on behalf of the Postal Department it will be useful to put on record here what those methods are at the present time.

In addition to the Treasury at Washington there are nine subtreasuries—Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, San Francisco, and St. Louis—all of which accept deposits on behalf of the Postmaster-General. First, second, and third class postmasters are required to deposit their surplus funds with the Treasurer or with asistant treasurers, while fourth-class postmasters are, under a new rule, required to deposit their surplus funds with a designated Presidential postmaster who acts as the disbursing postmaster for their State. This new arrangement is a wise one, and it would seem that the principle might well be extended to all Presidential offices, which might, in turn, deposit their surplus funds with disbursing postmasters, so as to place the funds throughout the postal service finally in the hands of the offices which require to expend them. This process is followed in the money-order service with satisfactory results. For deposits by postmasters a certificate of deposit is issued in triplicate, one copy of which goes to the postmaster, one copy to the Auditor for the Post-Office Department, and one remains in the depositary.

Collection drafts are drawn upon late postmasters who are indebted to the Department or upon failing contractors and failing bidders or to collect fines and penalties. These are drawn in favor of present postmasters and are signed by the Auditor for the Post-Office Department and by the Third Assistant Postmaster-General through the division of finance. Payment to late postmasters are made by transfer drafts drawn on postmasters in cities where there is a Treasury depositary and are paid out of the current funds of those postmastes.

Moneys that have reached the Treasury or one of the sub-treasuries or national-bank depositaries are transferred between these depositaries as may be required by transfer warrants signed by the Postmaster-General only. Payments to outside parties, or to postmasters, are made by warrants which are signed at the present time by the Third Assistant Postmaster-General, the Auditor for the Post-Office Department, and the Treasurer of the United States. Thus moneys that have once been brought into possession of the Treasurer of the United States or of one of the various national-bank depositaries can not be paid out again except upon a warrant as above described, and this arrangement would appear to sufficiently safeguard the public moneys without the purely formal signature of the Treasurer which is at present required. The Treasurer has no knowledge whatever of the correctness or otherwise of any warrant submitted to him, and inasmuch as he is acting as the banker for the Post-Office Department, all he should be requird to do is to honor on presentation any warrant drawn by the Postmaster-General.

The wording of the law has always been interpreted as requiring that at the end of each quarter what is known as a receipt warrant should be prepared which is drawn for the amount of the total deposits in Treasury depositaries and national banks during the quarter as certified by the Auditor for the Post-Office Department, which certification is usually not given until approximately three months after the close of the quarter. The receipt warrant is countersigned by the Treasurer of the United States and is treated then as an acknowledgement of the receipt by him of funds which, as a matter of fact, have been in his possession for from three to six months at the time the receipt warrant is issued. As soon as the postmasters' accounts for a quarter have all been audited, generally more than three months after the close of the quarter, a warrant and counterwarrant is prepared by the Auditor which specifies the total expenditure of postmasters on appropriations. These receipts and counterwarrants are in fact only certified journal entries of totals, and while they serve no useful purpose as far as the accounting is concerned, they take com-

paratively little time to prepare and there seems little or no objection to them. The quarter being the unit throughout the Government service, it has been adopted in this division as the period for which the accounts kept in the division should be agreed with those rendered by the Treasurer and it is only once a quarter that the outstanding and unpaid warrants are ascertained and compared with the transcripts of the Treasurer. It would seem more in accord with business practice and likely to produce more satisfactory results in the control of funds and in locating outstanding warrants not paid if such agreement were made, as is usual in business institutions, at the end of each month, and no difficulty is likely to be experienced in making such a change.

Deficiency grants are made by the Treasurer from time to time under the provision of the law which requires that deficiencies in the postal revenues are to be made up by the Treasury. The procedure formerly in vogue in obtaining these deficiency grants was as follows:

As the funds at the disposal of the Post-Office Department became too low for current requirements, the Third Assistant Postmaster-General (division of finance) would write a letter to that effect to the Secretary of the Treasury. Upon receipt thereof the Secretary of the Treasury would refer the matter to the division of bookkeeping and warrants of his office, which, in turn, would refer it to the Auditor for the Post-Office Department. The bookkeeping division of the latter office would thereupon prepare a certificate of deficiency in the postal revenues, which would be forwarded to the Secretary of the Treasury, and upon which, in due course, the amount asked for would be placed to the credit of the Postmaster-General for the service of the Post-Office Department. It may be mentioned that the certificate of the Auditor reads as follows:

"I hereby certify that I have examined and adjusted an account between the United States and the Post-Office Department and find that the sum of $——— is due from the United States for the service of said Deparment to supply a deficiency in the postal revenue, which sum is payable from the appropriation as appears from the books of this office."

At the time that this certificate is given the Auditor is not in a position to state what the balance is between the United States and the Post-Office Department, nor whether or not there is any such deficiency as that to which he certifies.

Attention was directed to this condition in the report of the Third Assistant Postmaster-General for the year 1906, as a result of which the appropriation act covering the service for the year ending June 30, 1908, was changed to the effect that these grants would be made on application of the Postmaster-General. Although this act was to take effect as of July 1, 1907, it appears that while no certificate of deficiency in the postal revenues is now prepared by the Auditor, he still approves the letter asking for a grant, which appears to be entirely unnecessary, and certainly not contemplated in the act.

The same roundabout methods prevail with regard to advances to disbursing postmasters, which are made on an application of the postmaster, approved by the Third Assistant Postmaster-General, and then sent to the bookkeeping division of the Auditor for the Post-Office Department, where the amount of the bond is noted on the application. The application is then approved by the Deputy Auditor and sent to the pay division of the Auditor, where a report of the payment is prepared, which latter is then sent to the division of finance and goes through the numerous processes already described for drawing the warrant. Inasmuch as the whole effect of such a draft is only to transfer money from one part of the postal service to another, this circumlocution seems entirely unnecessary. As the one important precaution which should be taken is to insure that the postmaster's bond is sufficient to cover the advance, it would seem desirable that the amount of the bond should be noted on the application before, rather than after, it is approved by the Third Assistant Postmaster-General, though we understand the point is inquired into by his staff at that time.

Miscellaneous receipts collected by the division are entered in a register kept for that purpose, and are turned over for the most part to the Treasurer of the United States who issues certificates of deposit to this division. These receipts consist mainly of the following:

(1) Balances due by foreign countries received—

(*a*) By drafts in foreign currencies which are sent to the postmaster at New York for sale, the proceeds being deposited with the assistant treasurer in New York.

(*b*) By drafts in United States currency which are deposited in the Treasury at Washington.

(2) Collections by the chief inspector, which have already been described; in this case the division has to accept whatever the chief inspector turns over to it, without knowledge as to the correctness of the amount.

(3) Moneys and proceeds from sales of articles found in dead letters, as hereinafter described, are turned over to this division if the owner can not be located. Foreign currency is sent to the postmaster at New York for exchange, and United States currency is deposited in Washington. In this case also the division of finance has no previous knowledge as to correctness of the amount so turned over, but has to accept whatever is tendered.

(4) Money received with applications to Post-Office Department for stamps, which is turned over to the postmaster at Washington, stamps being furnished out of the latter's supplies.

(5) Postmasters' balances and differences in postage on second-class matter forwarded in currency instead of stamps are occasionally received in error by the division and deposited with the Treasurer in Washington.

(6) Conscience money.

(7) Postage received through the division of registered mails, being amounts collected from postmasters for deficient registry fees and remitted by them in cash instead of in stamps.

(8) Payment for loss of or damage to mail bags, keys, and other property of the Department.

(9) Deficient postage on dead letters recovered from postmasters and paid in cash instead of stamps, received from the dead letter division.

(10) Amounts received from director of posts in Manila, for purchases of envelopes.

It appears that there is an account with the Treasurer of the United States which stands in the name of the Secretary of the Treasury known as special account No. 5, into which moneys are deposited by the division of finance, clerks of court, and others, on account of compromise offers tendered in connection with fines and penalties, damage to Government property, settlement of balances due by late postmasters, etc. This money stays in special account No. 5 pending the determination as to whether the offers will be accepted or rejected. If accepted the money is transferred by the Secretary of the Treasury to the account of the Postmaster-General for the service of the Post-Office Department. Upon inquiry we found that this account is not one especially for the Post-Office Department, and we have been unable to obtain any statement as to how much money there is in that account applicable to the Post-Office Department. There seems no reason why this account should not be kept in the name of the Postmaster-General, so that the whole of the moneys and funds belonging to the Post-Office Department may be under his control, subject, of course, to proper supervision and audit.

We have already referred to the duplication arising from the desire of this division (which is perhaps natural in the present somewhat chaotic condition of the books and records) to be satisfied as to the correctness of the amounts for which they are asked to draw warrants. Under any proper system, however, such as that which we suggest, it should not be necessary for this division to do more than see that the authorities required under the system are affixed to the documents which they receive from the Auditor. The introduction of a proper voucher form somewhat on the lines of that recently adopted in the Treasury Department with the addition of a warrant attached, would be a much more satisfactory way to handle all these payments.

By reason also of this duplication much time is wasted in checking up and agreeing one record with another, which would be saved by the institution of a system of controlling accounts. The delay in the receipt of the Treasurer's quarterly statements also causes a corresponding delay in the return of the paid warrants which, moreover, are sent to the office of the Auditor instead of to the finance division. It would seem that these paid warrants should be returned direct by the several depositaries with the transcripts to the division of finance so that the latter could check up their records, and that they should then be forwarded to the Auditor for the completion of his audit.

By proper cooperation between the finance division and the Comptroller's office the establishment of which is an essential feature of our suggestions, duplication would be avoided and the records of the finance division would be considerably reduced and simplified.

(*b*) *Division of stamps.*—This division is charged with the issue of stamps and stamped paper to post-offices in the field on receipt of requisitions from postmasters. On receipt of these requisitions they are sorted by class of matter required, and arranged alphabetically by post-offices for each class; signatures are then compared and the amount of the postmaster's bond and the previous issues to him noted. The requisition is then passed in full or reduced, orders are prepared therefrom and charged to a postmaster's ledger account, which is afterwards called back to the orders. At this point an advance abstract of all orders for stamps to be filled is prepared, showing the total number of each denomination required, and this is sent to the Bureau of Engraving and Printing so that they may have the supplies in readiness. The stamp order is then press copied, invoices prepared therefrom and checked back to it, and the invoices and order then sent to the agent of the Depatrment at the Bureau of Engraving and Printing, who supervises the shipment of the stamps, which are accompanied by invoices, to the postmasters. In the case of stamped envelopes and post cards the process is the same with the exception that these supplies are manufactured by contract with outside parties, and the order alone is sent either to the agent stationed at the contractor's factory or to a subagency, by whom the supplies are shipped direct to the postmaster with an invoice prepared by him.

The subagents referred to are certain distributing postmasters throughout the country, to whom supplies are sent and who issue these supplies in turn to other postmasters as may be necessary on request of the division. On receipt of the supplies the invoices are signed and returned by the postmaster to the division of stamps and the date of the signed receipt is entered on the postmaster's ledger. This procedure, as outlined, involves much unnecessary duplication, and has the further defect that it does not provide a proper check on the issues of stamps to postmasters, nor on the proper disposition of those manufactured by the Bureau of Engraving and Printing. The amounts debited to postmasters in the ledger already mentioned are abstracted quarterly, and in the case of Presidential offices the number and value of the orders shipped to each office during the quarter, supported by the postmaster's individual receipts, are furnished to the Auditor. In the case of fourth-class offices the individual receipts only are sent without any supporting list. In the case of all offices collusion between a postmaster in the field and one clerk in this division might easily result in serious undercharges to postmasters and loss to the Department by reason of the absence of any control by totals over the postmasters and agreements thereof with the shipments made from the Bureau of Engraving and Printing.

We may mention, as illustrating the loose manner in which the records of this division are kept and the absence of control by totals, that in examining the account of the postmaster at Chicago for the fourth quarter of 1906, in the office of the Auditor, we noted that an error of $600,000 was made by the stamp division in stating the amount of stamps and stamped paper shipped to that office. The quarterly summary had been returned by the bookkeeping division of the Auditor's office to the division of stamps for correction.

The manufacture of stamps by the Bureau of Engraving and Printing is, we are informed, under the control of the Treasury, which issues the paper, and from a cursory examination which we have made, there appear to be ample safeguards up to the point when stamps are manufactured, but it would seem that the Bureau of Engraving and Printing should be required to make a report to the Postmaster-General, countersigned by the Secretary of the Treasury, stating the number of stamps of each class and value which have actually been manufactured, which should be agreed from time to time with the supplies issued and charged to postmasters as shown by the records of the division of stamps and with the balance on hand, which should be certified by the Bureau of Engraving and Printing and countersigned by the Treasury official in charge.

We visited the stamped envelope and postal card agencies at Hartford, now discontinued; at Dayton, Ohio, and Rumford Falls, Me., and found the methods at all of these points to be extremely lax; and generally we have arrived at the conclusion that these special agencies are merely acting as shipping offices and do not exercise any efficient control as they should do over the actual production. Instructions recently issued by the Third Assistant Postmaster-General, extracts from which will be found in Exhibit 3, will, if properly carried out, improve matters in this respect. We would, however, point out that the provision that the agent should take special care of the paper from which post cards and envelopes are made seems to be entirely unnecessary for the reason that these supplies, made on paper not obtained from the Department's agent, would be good when once issued. On the other hand, no provision appears to be made for

the control of the embossing machine so that it should register each impression made. One machine at Rumford Falls has a mechanism of this character, but it is entirely under the control of the operator and is therefore of practically no use. At Rumford Falls we also found that while the vault in the postal card factory was protected by a combination lock, there were two exits from this same vault, one onto the loading platform and one into the storage vault of the factory superintendent, entry into each of which could be forced from the outside without any great difficulty even if the bar and linch-pin fastenings on the inside had been properly adjusted. The agent also informed us that the superintendent of the factory was in possession of the combination of the postal vault lock and that the combination has not been changed since the dismissal of the former agent.

It appears that applications for supplies of stamped envelopes made to postmasters are frequently accompanied by deposits, and that the postmaster does not charge himself in his account with these deposits until the supplies are delivered to the purchaser. We have no information as to the extent of this practice, but in large post-offices the moneys so deposited may easily amount to an important sum, for which the postmaster is not called to account under the present system in any way.

(*c*) *Money-order division.*—This division exercises a general supervision over the working of the money-order system in the field, and all questions that may arise or complaints that may be made in regard to the service are referred to it. The division determines the amounts of standing credits to be granted to postmasters and originates special emergency drafts when required. It also passes upon amounts due to or by foreign countries, and keeps the ledger showing the status of these accounts, but this ledger has no relation whatever to the general records of the Department and there is no satisfactory check upon it. The regulations as to the issue of money orders by postmasters are very strict; in many cases it would seem unnecessarily so, and the action taken by the Auditor in enforcing these regulations entails a great deal of work in this division, which could with advantage be dispensed with. For instance, one of the rules of the service is that the name of a paying office must be set out in full and orders in which, for instance, Philadelphia is written "Phila." or New York as "N. Y." are not accepted by the Auditor as proper vouchers, although they have been paid and there is no question as to their having been paid to the right party. In order to clear the postmaster's account these orders are canceled as irregular and the whole process of preparing and making out new orders is gone through, although these new orders never leave the service and are not required in any way for the public. In other words the check maintained by the Auditor's office seems to be largely one of a technical compliance with the strict letter of the regulations instead of, as it should be, a common-sense review.

Instances have been brought to our attention of the use of money orders as a means of depositing savings, large amounts of orders being frquently bought and held intact until the year which is the term of their effective life has almost expired when they are cashed and the money immediately reinvested in fresh orders. This practice appears to be entirely at variance with the objects for which the money-order service was established, but has been officially encouraged by the Department in a recent order issued to all offices in the country reading as follows:

"Savings feature—absolutely safe. Domestic money orders may be drawn payable to purchaser at office of issue, or at any other money office, and be retained as savings, but such orders should be presented for payment within seven years from date of issue."

It may be mentioned that after one year orders become invalid and the amount thereof is carried to the credit of revenue; thereafter they are payable only on special order. As we have already mentioned, it is probably twelve months from the date of issue before the postmaster's account can be finally verified in the Auditor's office by reason of outstanding orders, and it is worthy of consideration whether the term during which money orders remain in effective force could not be considerably reduced without interfering with their legitimate purpose and so enable a closer audit of accounts to be made.

A minor point noted is that no charge is made for the issue of a duplicate order, although it entails expense on the Department due to no fault of its own.

The accounts relating to money orders are kept in the office of the Auditor for the Post-Office Department, and will be dealt with in fuller detail under that heading.

(*d*) *Division of registered mail.*—The duties of this division consist of the instruction of postmasters in the methods of handling this mail, correspondence as to irregularities, complaints and indemnities, the supervision and collection of deficiency fees, the preparation of statistics as to the number of pieces carried, and the supervision of the through-pouch system of transporting such mails. With regard to the first two items it would seem that these might with advantage be handed over to the division of the chief inspector, whose inspectors are constantly traveling around to the different post-offices and could give the necessary instructions just as well as the special agents of this division, and the employment of two sets of officers to supervise postmasters in the field can only lead to unnecessary duplication in traveling expenses and in other ways. It would also seem to be a good general principle that all complaints, irregularities, and other matters of a similar sort coming to the Department should be controlled by one division for investigation, it being of course understood that that division is cooperating with the whole of the Department, and not, as is too often at present the case, setting itself up as a distinct operating body entirely independent of the rest of the service.

The statistical records of registered mail should form part of the general statistical division provided for in our suggested scheme, while the supervision of the through-pouch system of registered mails would seem to be essentially a part of the railway mail service and should be transferred thereto. The supervision and collection of deficiency fees on registered mail calls for some comment. It appears to be the practice, when registered mail is sent with short postage, to deliver the letter, but instead of affixing a postage-due stamp and collecting from the recipient, as is done in the case of other mail, correspondence is instituted with the postmaster of the office at which the mail originated and he is required to make good the postage, collecting it, if he can, from the sender. It is difficult to see why the very much simpler plan of affixing postage-due stamps should not be adopted and the division so relieved of the unnecessary work now thrown upon it. It may perhaps be argued that it is the duty of the issuing postmaster to see that the proper postage is affixed to the letter before he registers it, but the inconvenience to the public would be slight as compared with the saving of trouble to the Department.

In the course of our inquiries we were informed that packages marked for registration and bearing sufficient stamps dropped into ordinary mail boxes would be registered. Such practices would seem to be open to abuses and we would suggest that the public should be clearly informed that no package can be registered unless it is taken to an office or given to an authorized post-office official and a receipt obtained from him. It would also seem open to question whether unsealed packages should be admitted to the registered mails at all.

(*e*) *Division of classification.*—The main duties of this division are in connection with the classification of the different classes of mail matter under the act of March 3, 1879. In addition to the actual settlement of classifications by the Third Assistant Postmaster-General, from whose ruling there appears to be no appeal, the division also verifies the quarterly returns of postmasters as to the weight and amount collected for second-class matter which are supported by duplicates of the receipts given to the publishers.

(*f*) *Division of redemption.*—This division is charged with the duty of redeeming and destroying spoiled stamps and stamped paper. All stamped matter is required to be returned by registered mail and its transfer to Washington is a source of considerable expense to the Department. For instance, we found in the course of our investigation that one day's shipment from New York consisted of 124 wooden packing cases. It is suggested in section X that the destruction or defacement of spoiled stamps and stamped paper might be conducted wholly or partly in the field. Under the present system the spoiled stamps and stamped paper are carefully counted and agreed with the postmaster's figure, after which the postmaster is advised of the credit he may take. Once or twice a week all stamps and stamped paper on hand are again counted by a committee and destroyed. This second counting could probably be avoided by the destruction of the stamps, etc., at the time of their verification with the postmaster's statement.

5. FOURTH ASSISTANT POSTMASTER-GENERAL.

(*a*) *Division of supplies.*—The duties of this division at the present time consists of receiving and issuing supplies of stationery and miscellaneous sup-

plies for the various post-offices throughout the United States, but they do not include similar duties in connection with supplies for the Post-Office Department, issues of stamps and stamped paper, or mail equipment and miscellaneous supplies for the railway mail service.

The staff of the division consists of a superintendent, assistant superintendent, and 81 clerks. The division occupies part of what is known as the Annex Building, at the corner of First and K streets NE., of which it took possession on July 1 of the present year. The first floor of this building is devoted to receiving and shipping supplies, while the second, third, and fourth floors are used for storing, and the offices are on the fifth floor.

There are no divisional stores throughout the country for handling supplies, and considerable expense is incurred in shipping supplies to the post-offices throughout the country from Washington, the majority of which have previously been shipped to that point.

In consequence of this system the division has become very much congested, and with a view to relieving this congestion an order was put into effect on January 2, 1907, under which postmasters were requested to requisition for all supplies they needed for the fiscal year at the beginning of the year. As a result of this order large quantities were sent out to postmasters in advance of their needs for a period extending considerably beyond that to which appropriations related, and in many cases the whole supply was exhausted and the service consequently suffered.

This order has since been rescinded by circular letter and postmasters notified that unfilled orders (of which there were several hundred on hand) have been canceled and that they should ship to Washington all supplies in excess of their immediate requirements. A copy of this circular letter is appended hereto (Exhibit 3*e*). It will be obvious that these vacillating methods of handling the distribution entail expense which could be avoided if the division were properly organized on a business-like basis.

No continuous accounts are kept of the supplies sent to individual postmasters, and as the Auditor for the Post-Office Department takes the ground that when supplies are once purchased his responsibility ceases, it appears to be a matter of little importance to any of the officials what happens to them thereafter. This system, of course, does not conduce to economy of administration.

As an instance of the disorganization of the division, we might mention the case of a requisition by a postmaster dated April 13, 1907, for 10,000 envelopes. These were ordered by the purchasing agent on April 16, were duly received by the supply division, and on May 31 examined by the inspection committee. The bill was paid on June 18, 1907, and in July correspondence began between the postmaster and the supply division with regard to his nonreceipt thereof. About the middle of August this correspondence came to our notice, and as no attempt had apparently been made in the meantime to find the missing envelopes, we suggested that a search might be made in the store; the missing envelopes were discovered, and it was found that no record had been made of their receipt. Quotations from a letter addressed to the Postmaster-General by a Congressman, under date of August 12, 1907, and calling attention to complaints by postmasters as to the difficulty in obtaining necessary supplies will be found in Exhibit 3 *f*.

Another instance that may be given is the following: On April 6, 1907, the purchasing agent, at the request of the supply division, authorized a postmaster by telegram to purchase for his own use 3,000 pounds of twine in the open market at the lowest price obtainable. On May 11 the purchasing agent wrote to the same postmaster asking if any purchase had been made under this authorization. On May 13 the postmaster replied that during the month of April his office had purchased, to meet immediate necessities, twine to the amount of $47.81, which sum was allowed by the purchasing agent under date of April 10, and stated that no twine had been purchased under the authority of the above-mentioned telegram, as the supply on hand was sufficient to last about six months. The 3,000 pounds authorized in the telegram of April 6 called for an expenditure of approximately $400, while the postmaster in question was able to obtain a supply sufficient to last him for the ensuing six months for an expenditure of about one-ninth of that amount.

These instances, together with many others which have come before us in the course of our investigation, and with general observations which we have made, tend to show that the present system is almost unworkable, and that it

renders impossible any comparison between the consumption of supplies by different post-offices such as is necessary for economical administration.

This division keeps accounts showing the expenditures under each supply appropriation, this work being duplicated two or three times over in other divisions of the Department and the office of the Auditor. There are also accounts kept with contractors and various other books relating to expenditures, most of which could be eliminated under a proper system of accounting. Stock ledgers are kept which are supposed to show the amount on hand of each particular class of supplies, but there is no record of the date when the last inventory was taken, and the ledgers are undoubtedly incorrect.

There is no proper system of check on the issue of supplies, instances having come to our notice of their issue to other divisions on verbal instructions over the telephone without any written authority, and any shortage that might result from issues could easily be concealed by making fictitious charges to postmasters or to divisions of the Department.

The orders for shipment are at the present time very much in arrears, but this is explained as being due to the disorganization consequent upon moving into new quarters and to the difficulty in obtaining supplies from contractors. It may also be assumed that it is partly due to the fact that under the order of January 2, 1907, large quantities of supplies were shipped out to postmasters in the early part of the year in excess of their needs, with the natural result that there was a shortage of stock later on. It is, however, due to the division to say that since the removal to its new quarters attempts are being made to get things into better order.

All supplies received in the division are examined by one of twelve inspection committees appointed by the Postmaster-General. Most of these committees include one or more members of the staff of the supply division, and members of this staff also serve on the various committees on awards.

(*b*) *Rural free delivery.*—This division is charged with the duty of establishing rural free-delivery routes and appointing carriers thereto. The procedure followed in establishing such a route is as follows:

An informal application is received from an individual or from a local postmaster. This has then to be supported by a petition signed by 150 families on the proposed route and certified by the local postmaster, who vouches for the genuineness of the signatures. It is also required that 75 per cent of the families on the proposed route shall be in favor of its establishment. The matter is then referred to the division of the chief inspector, who assigns an inspector to visit the route, map it out, furnish a sketch map, and report on any already existing star routes. Any special points that may be disclosed by this inspection are taken up with the postmaster and disposed of. The route is then either established or otherwise by the approval or disapproval of the Department. If established, application is made to the Civil Service Commission to provide a suitable carrier, and it is understood that this nomination takes from forty-five to sixty days and, in the meanwhile, a temporary carrier is employed who is not required to give bond. Any post-offices or star routes which the establishment of a rural free-delivery route may appear to render unnecessary are discontinued. The carrier is required to execute a bond, either personal or of a surety company, for $500. It is also necessary that there be appointed a substitute carrier, who is required to give a similar bond.

Changes suggested in existing routes also come before this division, inspection required being undertaken at their request, and if the reports show that there is not sufficient mail matter to warrant continuing the service, it is discontinued.

On the initiation of a representative of a county the division will consider the completion of the rural service for that county, so that every family may have the advantage of the free-delivery service.

The division also deals with contracts for tolls and ferriage on rural routes, and keeps records relating thereto which form the basis of the periodical payments made.

Supervision of the bonds of rural carriers forms a large portion of the work of the division. Verification of the solvency of bondsmen is required in any case where the bond has been in force more than two years, but it is found that it takes practically another two years before this has been satisfactorily accomplished. The nonpayment of renewal premiums on bonds with surety companies also entails considerable correspondence. Among minor defects noticed in this division was the failure to properly safeguard the original bonds filed, access to which apparently can be had by any clerk.

Reports are required monthly from postmasters upon the efficiency of the service, and as there are approximately 36,000 rural free-delivery routes on each of which a separate report is made, the number of reports filed is so great that in fact they receive little or no attention; it would seem preferable that these monthly reports should be abolished and instead special reports required of irregularities or complaints. Separate reports are also made of the number of pieces of mail carried for each route carrying less than 5,000 pieces based upon returns made by the carrier and not in any way verified by the postmaster.

In the event of the withdrawal of any existing rural free-delivery route, the district is reapportioned between two or more other continuing rural districts so as to leave the patrons with practically the same service as before the withdrawal of the route.

(*c*) *Division of dead letters.*—This division deals with various kinds of undelivered mail sent in by the post-offices of the United States, as well as foreign matter originating in the United States which is returned from foreign countries. It also returns to foreign countries the matter originating in those countries addressed to people in the United States which can not be delivered. The division handles the money found in undelivered letters, which if possible is restored to the senders. In the event that the sender can not be located, this money, as well as that found loose in the mails, is turned over to the division of finance, by whom it is deposited with the Treasurer of the United States to the credit of the postal revenue.

The division is divided into six branches and engages the following staff: 1 superintendent, 1 chief clerk, 7 clerks in charge of branches, 128 clerks, 2 stenographers, 19 laborers, 1 watchman, 3 messengers.

The opening and returning branch which receives all undelivered mail and distributes to other branches all valuable matter with the accompanying letters, if any; returns all other letters which can be traced and destroys those which can not be traced. It also prepares credits to postmasters for postage due stamps thereon which can not be collected.

The property branch handles certain classes of valuable matter received from the opening branch and supervises sales by auction. Matter of no value is periodically destroyed.

The money branch deals with moneys and other valuable papers and keeps records thereof. The cash is turned over every two weeks to the division of finance and the other documents are permanently filed.

The minor branch deals with all other inclosures, which are eventually destroyed.

The foreign branch deals with all undelivered letters returned by foreign countries. Under an agreement with certain countries newspapers and magazines are destroyed by the receiving country without being returned to the sending country. This agreement saves a great deal of work and might with advantage be extended to other countries. It appears that the Department has in no case initiated any such agreement, but has merely acquiesced in those suggested by other countries.

The inquiry branch conducts all correspondence relative to claims for undelivered mail and thus acts as a check upon the other sections.

A bill was introduced in Congress on April 23, 1906, amending section 3938 of the Revised Statutes, but failed of passage, limiting to one year the time in which reclamation might be made for the value of any article disposed of. The existing law provides that reclamation may be made within four years, thus necessitating the preservation of the identity of each article sold at auction for that period. The passage of such a bill would be of great advantage to the work of the division and tend to its more economical administration.

(*d*) *Division of topography.*—This division is in charge of a topographer, who supervises a staff of 34 employees, consisting of an assistant topographer, draftsmen, mechanics, copyists, mounters, clerks, and messengers.

Its duties may be stated, briefly, to consist of the compilation and revision of the post-route maps and rural free-delivery route maps; and the distribution of same to postmasters whose annual salaries are $500 or over; to certain heads and officials of the Department and the service; to the railway mail service; to Congressmen and committees; and to the public on request. Maps are supplied to the above in sets of 41, with the exception of Congressmen, who receive each year one map of the State which they represent. All maps sent through the mails by this division are registered.

All maps, with the exception of those compiled for the rural free-delivery service, are printed and the paper therefor supplied by a contractor, the paper used in maps for the rural free-delivery service being furnished by the division of supplies.

No cost books are kept in the division by which to determine the rate at which maps should be sold to the public, merely an estimate being made thereof. It is suggested that some scheme for arriving at the cost of maps should be devised and instituted.

A record of all maps sent out by the division is kept on cards, classified by postmasters, the public, and others. It would seem that with these cards a comparison might be made to see that postmasters and other branches of the service are not supplied with more maps than are allowed by the regulations. Sheets are used to keep record of the stock of each edition of maps on hand.

At the end of each three months, which is practically the life of an edition, the maps on hand belonging to the previous edition are forwarded to the railway mail service to be used by them. Obsolete maps are forwarded to the chief clerk of the Post-Office Department and are usually disposed of at auction at scrap value.

6. AUDITOR FOR THE POST-OFFICE DEPARTMENT.

The Auditor for the Post-Office Department is an official of the Treasury Department, and, as mentioned in Section I, the expense of his office is not included in the cost of the Post-Office Department and for the benefit of which it exists, but is met by appropriations made for the Treasury Department.

Prior to the passage of the Dockery Act, in 1894, it appears that the Auditors of the Treasury were the general account keepers of the Government, and that the duties of auditing and revising the accounts were vested in the Comptrollers of the Treasury. By the Dockery Act there was created in the Treasury a division of bookkeeping and warrants, from which, however, the accounts of the postal service were excluded. At the same time the Auditors were charged with the duties formerly carried out by the Comptrollers of the Treasury and the latter office was converted into a sort of court of appeal from decisions of the Auditors. This act provided that there should be an administrative audit in the various Departments of the Government of all accounts before they are submittted to the Auditor, although this has not been construed to apply to the accounts of the postal revene and expenditures therefrom, with the result that at the present time the Auditor for the Post-Office Department, who is not an officer of that Department, keeps all its accounts and audits those accounts, with comparatively little check either by an administrative audit in the different bureaus and divisions of the Department, or by the supervision of the Comptroller of the Treasury, as we understand that appeals from his decisions to the Comptroller are practically unknown.

Furthermore, as we believe is true of the majority of Government Departments, there is no proper system of accounting by double entry, with the result that there is no efficient check upon errors whether in the accounts of postmasters or of other officers; and should a clerk in the Anditor's office make a mistake, or pass a mistake made by some one else, the error may never be discovered.

In view of the importance of the duties of the Auditor and of the very material changes therein which we shall have to suggest it is necessary to refer at some length to the duties with which the Auditor is charged at the present time.

The provisions of the law relating thereto are stated in the Postal Laws and Regulations as follows:

"SEC. 22. The Auditor for the Post-Office Department is an officer of the Treasury Department, and is charged with the auditing and preservation of all accounts of the Post-Office Department, including the settlement of the postal and money order accounts of postmasters, the accounts of post-office inspectors and special agents, and of the disbursing clerk and superintendent of the Post-Office Department; the adjustment of the quarterly compensation of contractors for carrying the mail; the settlement of the accounts for all supplies for the postal service, and all other accounts properly arising under the law, contracts, regulations, or orders of the Department; the supervision of the collection of all balances due the Post-Office Department, and all penalties and forfeitures imposed for violation of the postal laws; the preparation of all cases for presentation to the Department of Justice for the institution of

suits on account of any alleged indebtedness or liability to the Post-Office Department: and the certification to the Post-Office Department of all balances rising upon the settlement of accounts, and countersigning all warrants upon the Treasury for all receipts and payments authorized by law."

It will be observed that the effect of these laws is to throw into the hands of the Auditor for the Post-Office Department not only the audit of its accounts, but also the keeping of the books and records and generally many other functions which more properly belong to an accounting division. Inasmuch as the Auditor for the Department is not an officer of the Department, it hardly seems correct in theory that the accounts of the Department should be kept by him. It certainly can not be correct that they should be both kept and audited by him.

The present duties of the Auditor's office may be divided mainly into those relating to the postal service and those relating to the money-order service.

POSTAL SERVICE.

The work relating to the postal service is conducted in four divisions, as follows:

(1) Bookkeeping division, which keeps and audits postmasters' accounts; registers warrants drawn for expenditures of the postal service; audits pay rolls; and keeps the general books, showing revenues, appropriations, and expenditures.

(2) Collecting division, which reviews and settles postmasters' accounts; collects postmasters' debit balances; certifies credit balances of postmasters for payment; and draws collection drafts on other than postmasters.

(3) Pay division, which passes accounts for payment and issues reports for payment; and keeps partial appropriation records made up from such reports for payment and quite distinct from those written up in the bookkeeping division from the warrants issued.

(4) Foreign division, which passes accounts and issues reports for payment in respect of outgoing sea transportation of mails; and certifies and passes accounts for collection from or payment to foreign countries in respect of territorial and maritime transit of mails.

The work of these different divisions can best be described under the following headings without adhering to the distinctions which actually prevail:

Firstly. The audit of postmasters' accounts, including the field pay rolls.

Secondly. The review of postmasters' accounts.

Thirdly. The collection of postmasters' debit balances and the payment of credit balances.

Fourthly. The audit of accounts for payment by warrant and preparation of reports for payment.

Fifthly. The issue and registration of warrants.

Sixthly. The bookkeeping.

(*a*) *Audit of postmasters' accounts.*—The accounts are divided into:

	Offices.
(1) Presidential city free delivery, numbering on January 1, 1907	1,199
(2) Presidential noncity free delivery, numbering on January 1, 1907	5,044
(3) Fourth-class, numbering on January 1, 1907	57,860
Or a total of	64,103

The quarterly accounts are on different colored sheets which vary slightly for the various classes of offices. As these quarterly accounts are received they are sorted, firstly, by States; secondly, in alphabetical order in States. The various items in the account are then submitted to a detail audit which, if properly carried out, appears, with the exceptions noted below, to be efficient.

The postmasters send in at the end of each quarter a summary of the collections on second-class mail matter at the 1 cent per pound rate, supported by duplicates of the receipts issued to publishers. The receipts are compared with a summary prepared in the office of the Third Assistant Postmater-General, and if found in order the Third Assistant Postmaster-General signs a certificate attached to the summary and forwards it to the Auditor for verification of the postmaster's quarterly account. Inasmuch as the postmaster will not send in receipts unless he has accounted for the money, this is hardly a satisfactory verification, and it would seem that machine numbered receipt books of a special kind *should be* issued by the Department to the post-offices, duplicates of which should

be required to be signed by the representatives of publishers for all mailings whether paid for specifically or deducted from deposits, and a careful check made of the numbers of the receipts issued.

In this connection it should be remembered that publishers make deposits in advance for postage which are not accounted for as such and any amendments of the present practice of checking the revenue received must take this fact into account. Similar checks should be employed on the postage received on unstamped third and fourth class matter at present verified only by a special affidavit of the postmaster, which, in view of the fact that the whole statement is supported by his affidavit, seems to be entirely superfluous.

For miscellaneous receipts and box rents no verification at all is received, and it would seem impracticable, except at a prohibitive expense, to institute any such check. These items are best verified by more frequent visits by traveling inspectors at uncertain intervals.

In accordance with the practice which has always existed, the money-order accounts of the postmasters are kept entirely distinct from their postal accounts, although if one class of funds in any office is insufficient for its requirements, the postmaster is allowed without any specific authority from the Department to borrow from the other class. Both in the money-order service and in the postal service there are also transfers of funds between offices, and one result of a separation of the accounts is that the work of checking these various transfers is greatly increased, and at the same time it would not seem that any particularly useful purpose is served by the attempt to keep the funds separately.

Salaries of postmasters and assistant postmasters and clerks are verified by reference to registers, kept in the bookkeeping division. Salaries of assistant postmasters and clerks in post-offices are supported by quarterly pay rolls prepared and certified by the postmasters separately for different appropriations. Salaries are paid at more frequent intervals than once a quarter, and the clerks are all required to sign receipts at the time of payment and again to sign the covering receipt which accompanies the quarterly account. For the purpose of this audit, records are kept by the division of bookkeeping prepared from the orders issued by different divisions of the Department. In some cases these records are still in book form, although there appears to be a tendency to change gradually to cards, which are generally admitted to be more convenient.

(*b*) *Review of postmasters' accounts.*—After the accounts have been submitted to the audit of the bookkeeping division already described they are sent to the collecting division, where what is known as a review and is really a final audit thereof is instituted. The efficiency records show that numerous mistakes are found by the review clerks in the work which has previously been done in the audit, and that no particular notice appears to be taken of these continually recurring mistakes or any attempt made to discipline the clerks responsible. Duplicate records are kept in the collecting division of the greater part of the information on file in the bookkeeping division.

In a letter from the Auditor, dated April 30, 1907, the scope of the review is laid down in considerable detail, from which it appears that the review clerks are required to satisfy themselves—

Firstly. That all pay rolls and vouchers therefor have been properly checked, footings properly verified, and summaries accurately prepared, and that they bear the postmaster's certificates of service.

Secondly. That proper vouchers are filed for all authorized credits.

Thirdly. That all items of difference noted by the bookkeeping division have been correctly stated.

And generally to see that the audit has been properly carried out by the bookkeeping division and that any changes which that division may have made are correct.

After this review has been completed the accounts are considered to have been settled by the Auditor, and postmasters are advised of the state of their accounts as finally audited. Postmasters' accounts and the correspondence relating thereto are filed in the collection division, and, in accordance with an order, preserved for eight years. In view of the fact that there are something like 260,000 of these accounts each year, it will be seen that these files occupy a considerable space which could be employed to greater advantage.

(*c*) *Collection of postmasters' debit balances and payment of their credit balances.*—This work relates entirely to the accounts of late postmasters, including those whose bonds have expired or changed and who are regarded as late postmasters so far as their accounts to the date of expiry or change are concerned.

In case of postmasters actually going out of office a collection draft is prepared in the collecting division for the amount of the debit balance shown on his last accounts as settled, which draft is made payable to some near-by postmaster. These drafts are entered in the Auditor's register of drafts, whence they are sent to the Deputy Auditor for signature, then to the division of finance for signature, and then back to the collecting division, by which they are sent out to postmasters in whose favor they are drawn for collection. At the end of each quarter the stubs of the drafts are sent to the bookkeeping division to enable them to make the necessary charge against the collecting postmasters. The drafts are prepared in two halves—of which the collecting postmaster hands one to the paying postmaster and returns the other to the Auditor, by whom it is sent to the collecting division for proper entry of payment. Advices of payments and also of any drafts returned for cancellation are also sent to the bookkeeping division.

If the account of the late postmaster shows a credit balance such balance is held over until the money-order account has been settled so that any debit balance shown thereon may be deducted from the balance shown on the postal accounts. Small balances are settled by an order on a present postmaster, but otherwise reports for payment are prepared and signed by the Deputy Auditor and submitted to the division of finance, by whom transfer drafts are issued. These drafts follow the same process as that already described in the finance division, and the reports for payment follow the course which will be described in the pay division of the Auditor's office.

(*d*) *Audit of the accounts for payment by warrant and preparation of reports for payment.*—As already explained in describing the procedure in the finance division, the basis for the drawing of warrants for payment of liabilities of the postal service is a report for payment received from the Auditor's office. For the purpose of preparing these reports for payment elaborate records are kept in the pay division of all orders issued and, where there are contracts, duplicates of these contracts are on file. In addition to these, which might be called permanent records, particulars of all payments to be made are received in various forms from the divisions concerned and, in most cases, it would appear that the evidence so furnished is satisfactory, though this additional evidence might better take the form of a voucher which could be verified and passed by the Auditor after comparison with the original documents attached thereto and with the permanent evidence on file. After the original papers have been audited and verified the following routine is carried out:

(1) Reports for payment are prepared.

(2) Particulars of the same are noted on book or card records, as the case may be, for future reference.

(3) The reports are sent to the review clerks for examination. These review clerks conduct what is really an audit of the accounts, the work up to that point having been the administrative audit necessary prior to the preparation of the voucher for payment.

(4) The reports are then sent to the appropriation clerks, who charge the totals to the proper appropriation accounts.

(5) They are then forwarded to the Deputy Auditor for signature.

(6) They are then sent to the division of finance, the routine in that division being fully described in a previous section of this report.

(7) When the reports come back to the Auditor's office, together with the warrants, they are sent to the warrant section of the bookkeeping division, compared and entered in registers with columns for each appropriation.

(8) The reports and warrants are returned to the pay division, the former being filed and the warrants checked again with the records from which the reports were originally prepared.

(9) The warrants are again returned to the division of finance.

It is apparent that there are a number of unnecessary operations, among others being the entry in two sets of appropriation records kept in separate divisions of the Auditor's office.

The reports for payment are prepared, in the first place, either from:

(*a*) The original data supplied by the various divisions of the Department in the case of specific payments, not recurring in fixed amounts from month to month or quarter to quarter; or

(*b*) From the records kept by the pay clerks, which are written up from the original orders signed by the Postmaster-General, in the case of periodical payments, such as transportation of mail.

Regarding the first-class, a critical examination of the original data supplied by the various divisions is made by the pay clerks and a reexamination of this original data is made by the review clerks.

Regarding the second-class of payments, a reexamination is made by the review clerks, who keep records containing the same general information.

A complete record of all reports for payment is kept by the pay clerks and the issuance of a report for payment is also recorded, though in very brief form, on the books kept by the review clerks.

It will thus be seen that there are practically two independent audits of the payments by warrant within the pay division and we were impressed with the fact that the first audit by the pay clerks really constitutes the administrative audit which should be performed by the Deparment, and that the second audit by the review clerk is the real audit which alone should be conducted by the Auditor—a criticism which applies equally to the audit of the postmasters' accounts.

Our suggestions for the improvement of this particular feature of the work contemplate that the pay clerks in the pay division and the audit clerks in the bookkeeping division should be transferred to the accounting division of the Department which we suggest, and that the work of the review clerks in the pay and collecting divisions should be sufficiently amplified to constitute the final audit by the Sixth Auditor.

The reports for payment for the outgoing transportation of foreign mails by sea which are prepared in the foreign division of the Auditor's office are the only ones in connection with the postal service which are submitted to the Auditor for signature without being reviewed. A partial verification of these reports is had, however, in the case of compensation for actual weights carried, inasmuch as the division of foreign mails (Second Assistant's Bureau) and the foreign division make comparisons of these weights before payment is ordered by the former division.

We found that some of the reports for payment for miscellaneous items from the appropriation for the transportation of foreign mails were prepared by the pay division and some by the foreign division, with no governing rules for such action other than custom. There seems no reason why all reports for payment in connection with the postal service in the foreign division should not have been prepared in the pay division.

The accounts with foreign countries of the Universal Postal Union are kept in a single entry ledger in francs only. As shown in the report of the Auditor to the Secretary of the Treasury for the year 1905–6, balances of long standing then amounting to about 250,000 francs were due from Guatemala, Columbia, and Hayti, and the amount is now somewhat greater.

(*e*) *Issue and registration of warrants.*—The warrants prepared by the division of finance are received by the warrant section of the bookkeeping division, and compared with the reports for payment which accompany them, after which they are entered in a register of warrants; this work being an exact duplication of that already performed in the division of finance. The totals are agreed four times a month with summaries prepared in the latter division.

The registers are then summarized by means of adding machines, amounts paid for the current quarter, for the remainder of the fiscal year, and for previous fiscal years, being shown separately.

Accounts are kept in the warrant section with all railroads carrying mail, and our investigations of the records in that section disclosed the fact that the following balances stand to the credit of certain railroads, which have, we understand, remained unchanged for upward of twenty-five years:

Southern Pacific Railway Company, in California	$1,020,579.06
Southern Pacific Railway Company, in New Mexico	55,128.23
Central Pacific Railroad Company, lessee of the Southern Pacific Railway Company, in Arizona	470,872.16
Total	1,546,579.45

At the time of our investigation no record showing how these balances were constituted was on file, but an inquiry made at our instance developed the fact that while the amount of $1,546,579.45 has been carried forward as a liability of the Post-Office Department from year to year, this whole amount was actually settled as far back as 1899.

(*f*) *General bookkeeping.*—The general books consist of two ledgers containing accounts of the appropriations, revenues and expenditures and an account with the Treasurer of the United States, together with certain other accounts of a memorandum nature, to which special reference need not be made here.

The books are kept on a single entry basis on the most antiquated lines; debits are made at one time and from one source and the corresponding credits at another time and from another source. Many of the subsidiary books which form part of the bookkeeping system are not even added; and owing to the lack of proper system of balancing by totals, and other deficiencies, irregularities could be practiced indefinitely without the fact becoming apparent from the general books.

No controlling accounts are kept for—

Present postmasters' accounts.

Late postmasters' accounts.

Balances due from national banks.

Dead letter funds in hands of cashier of division of dead letters.

Inspectors' collections in hands of chief inspector.

Stamps and stamped paper in hands of postmasters, stamp agencies, etc.

Drafts sent postmasters for collection.

The books do not afford a verification in the aggregate—

That credits to postmasters for deposits agree with the charges to receiving postmasters or the Treasury depositaries.

That charges to postmasters for stamps and stamped paper shipped agree with the total amount shipped to them.

That transfers of postmasters' accounts from the "present" to the "late" ledgers are in agreement.

That the revenue from second-class postage as debited to postmasters agrees with the total amounts reported to the Third Assistant Postmaster-General.

That the total balances against present postmasters (on the detail ledgers) at the close of one quarter are correctly brought forward at the commencement of the ensuing quarter, as numerous transfers are made to the "late" accounts which are not summarized, in order to arrive at the amount so transferred.

That the drafts in hands of postmasters for collection at the close of one quarter agree with the total carried forward in the ensuing quarter.

The transactions of the money-order service are not recorded in the general books except as to the revenue for each quarter, which, however, is credited in the general books only after the money has actually been transferred to the postal service funds by the postmaster in New York.

Postings are made from one ledger to another without being passed through the journal and, in many cases, where journal entries are passed they are only posted on one side, contras going to accounts kept in other sections and divisions of the Auditor's office which are not reflected in any way on the general books.

Many of the accounts are of a purely memorandum nature and, in some cases, the balances thereon are carried forward to the next period; in others they are simply ruled off the books and dropped from consideration.

There is practically no agreement whatever between the revenues and expenditures as shown by the general books and the actual cash received and disbursed in any year as shown by the records kept in the division of finance.

The above facts, without adducing numerous other instances, sufficiently indicate the absence of control over susidiary records or any other methods of verification of the transactions in the aggregate and the primitive and incomplete character of the whole system.

The more important transactions will now be referred to under the following main headings:

Postmasters' receipts and expenditures.

Expenditures by warrant.

Revenue—unclaimed dead letters.

Revenue—fines and penalties.

Revenue—miscellaneous receipts.

Grants from the Treasury.

Postmasters' receipts and expenditures.

The quarterly accounts of postmasters are, after audit, spread on registers which constitute the ledger accounts, after which they are finally summarized in what is known as the "Recapitulation of postmasters' accounts of the United

States," and it is from this record that certain of the transactions reflected therein are carried to the general ledgers.

Practically the only entries made of these transactions in the general ledgers are in connection with the revenue, receipts, and expenditures, and the advances made to postmasters by warrant.

No posting is made as to other items of account, which may be listed as follows:

Receipts by postmasters: Deposits received by the 99 designated receiving post-offices from smaller post-offices; drafts sent postmasters for collection; transfers from money-order funds to postal funds.

Payments by postmasters: Postmaster-General's drafts paid; transfers from postal funds to money-order funds; collection drafts on hand or returned to the Department; balances paid to late postmasters; deposits with the 99 receiving post-offices.

The deposits received by the 99 receiving offices are verified from the summary thereof accompanying the quarterly accounts, which summary is verified from the original certificates of deposits forwarded to Washington with the transcripts twelve times each quarter. There is, however, no proof that the total amount charged receiving offices agrees with the individual amounts credited to the depositing postmasters, and no posting of these transactions is made in any form on the general ledgers. In view of this lack of agreement deposits could, by collusion between an audit clerk and a postmaster, be credited to a postmaster where no actual deposit had been made.

Regarding the deposits with the Treasurer and assistant treasurers, transcripts are received from these depositaries twelve times each quarter, accompanied by the original certificates of deposit. These deposits are summarized and charged to the United States Treasurer on the general books, but no contra entry is made for the latter. Credits to postmasters are allowed from the individual certificates of deposit and are posted to the credit of their individual accounts; but the total amount so credited is not agreed with the amount charged the United States Treasurer. The loophole for irregularities just referred to also exists in connection with this item of the postmasters' accounts.

It may be mentioned here that a proper reconciliation between the deposits credited to postmasters and the charges to the receiving post-offices or United States Treasurer would, under the present system—or lack of system—be a very difficult matter for the reason that deposits are made by postmasters up to the fifteenth and sixteenth of the month following the end of the quarter which are credited to them as in that quarter, and furthermore that deposits made by late postmasters are not footed, and that other elements prevent harmony between the two sets of figures.

No accounts are carried in the general ledger for drafts sent postmasters for collection, nor is any register thereof kept in the bookkeeping division. Notices of all drafts drawn are sent to the bookkeeping division by the collecting division, which are turned over to the audit clerks for verification that they have been taken up in the postmasters' quarterly accounts. In this manner, provided that the notices are not misplaced or lost, the audit clerks are able and are supposed to see that the drafts are properly accounted for up to the time they are collected or returned to the Department, but no check is had in the aggregate. Under the present system a check by aggregate would be impossible for the reason that, in spreading the quarterly accounts on the ledgers and various recapitulations, no distinction is made on the debit side between drafts on hand at the beginning of the quarter and the drafts sent for collection during the quarter.

The transfers between money-order and postal funds, or vice versa, are recorded in a set of registers kept in the bookkeeping division, a corresponding set of records being kept in the recording division (money-order service). Both of these records are written up from advices of transfers sent in by postmasters, one copy of which goes to the bookkeeping division and the other to the recording division. At the end of each quarter the totals for each State are agreed between the bookkeeping and recording divisions, and a corresponding agreement is made with the figures shown in the recapitulation of postmasters' accounts. No record of these transfers is made on the general ledgers, and the only proof that the credits in the postmasters' money-order accounts are properly debited in the postal accounts, or vice versa, is through the medium of these two sets of registers, and, by collusion between a clerk keeping one of the registers and a postmaster, irregularities could be practiced indefinitely without detection. The balance of each quarter's transfers is adjusted by the exchange of cash between the money order and postal funds in

the New York post-office. The data for this adjustment have hitherto been prepared by the recording division without verification by the bookkeeping division, but for the purpose of a test we had a reconciliation made of the transfers for the fourth quarter of 1906, as shown by the records in the bookkeeping division, and found the same to be in order. We understand that it is the intention to prepare a similar reconciliation in the bookkeeping division regularly in future, which would reduce the risk of irregularities such as those above outlined.

Postmaster-General's transfer drafts are used to pay credit balances of late postmasters or to supply offices with funds in cases where the expenses are in excess of the receipts. These drafts are paid by the 9 post-offices located in cities in which there are subtreasuries, and transcripts, accompanied by the paid drafts, are sent in to the Auditor twelve times each quarter. When advances are made to present postmasters, advices of the issuance of the drafts are sent to the bookkeeping division, from which the charges taken up in the present postmasters' accounts are verified, and as regards the paying post-offices the amounts credited are verified from the transcripts sent in twelve times each quarter. As in the case of deposits, however, the debits to the offices supplied with funds and the credits to the offices which pay the drafts are not agreed in totals.

As stated in another section of this report, credits to late postmasters are, in many cases where the amount is $2 or less, paid in cash by succeeding or neighboring postmasters on an order issued by the collecting division. In the absence of a system of control there is no means of determining that these amounts have actually been charged to the individual accounts of late postmasters.

As already mentioned no controlling accounts are kept in the general ledgers for the accounts of postmasters, and the total balances due to or by them at the close of any fiscal period are only reflected in the recapitulation of postmasters' accounts. Even in the latter record, however, the total balances at the close of each period do not agree with the total opening balances in the next period for the reason that transfers are made to the late accounts which are not footed in the recapitulation of postmasters' accounts.

These differences beween closing and opening balances are illustrated by the following instances:

	Debit balances.	Credit balances.
Total closing balances June 30, 1906	$163,885.13	$247,814.26
Total opening balances July 1, 1906	137,229.37	223,139.20
Total closing balances September 30, 1906	181,118.54	242,023.92
Total opening balances October 1, 1906	161,493.68	232,187.68

No attempt has ever been made to prove these differences by supporting lists of transferred balances.

Postmasters keep their quarterly accounts open long enough to complete the preparation of pay rolls, etc., and to pay all liabilities which, in many cases, is as late as the 15th or 16th of the ensuing month. The final deposit relating to the quarter is not made until the date when the account is closed, and as a result the postmasters have the opportunity of using, for the purpose of making this final deposit, the receipts of their offices up to the date when their account is closed. Shortages could thus exist without detection until the actual balance is verified by an inspector or a change in postmasters takes place.

Expenditures by warrant.

At the close of each quarter the recapitulation of warrants prepared in the warrant section is sent to the general bookkeeping section for posting to the general ledgers. The Auditor ignores all warrants drawn in settlement of the current quarter's liabilities until the succeeding quarter, his completed accounts being always three months in arrear. The reason for this is stated to be that the law requires the accounts for each quarter to be stated separately, but the bookkeeping methods adopted for this purpose are entirely incorrect and prevent the attainment of any proper accounting balance.

As an example, we would state that the total payments by warrant during the quarter ended September 30, 1906, as credited to the Treasurer of the United States, amounted to	$19,302,992.70
Deduct portion thereof relating to the September quarter substantially merged with figures of the December quarter	5,304,251.90
Leaves	13,998,740.70
Add expenditures in June quarter applicable to June quarter and brought forward from the June recapitulation of warrants	5,108,600.30
Amount charged to several appropriation and other accounts in general books at close of September quarter	19,107,341.10

It will be noted from the above that the Treasurer was credited with $19,302,992.73, whereas debits were made to the extent of only $19,107,341.13, showing a difference for that quarter alone of $195,651.60. The actual accumulated difference between the credits to the Treasurer and the debits to appropriation and other accounts at September 30 amounted to $5,304,251.97, being the payments in the September quarter applicable to the September quarter, which was carried forward to the December recapitulations.

Revenue—Unclaimed dead letters.

No record is kept in the bookkeeping division of the amount of unclaimed dead-letter funds on hand, the first entry in the general books being made when the surplus funds have been deposited with the Treasurer, and this entry is made direct from the certificate of deposit without being passed through any book of entry.

Revenue—Fines and penalties.

Fines and penalties are collected mostly by the inspectors in the field, although some collections are also made by postmasters, clerks of court, etc. No record of the collections by inspectors is made in the bookkeeping division until these collections are deposited with the Treasurer by the division of finance, when an entry is made direct from the certificate of deposit to the credit of the revenue account. The collections by clerks of court are usually deposited in national banks and the posting is made direct from the certificate of deposit to the credit of the revenue account.

The collections by postmasters are chiefly made on drafts issued by the Auditor (collecting division), and the postmasters have to make separate deposits therefor. The credit to revenue is made from a report from the collecting division after the draft has been collected.

Revenue—Miscellaneous Receipts.

Miscellaneous receipts consist of amounts received from fourth-class postmasters in repayment of excessive compenation resulting from overstatement of cancellations in prior years; proceeds of sales of old newspapers, etc. Postings are made from the recapitulation of postmasters' accounts, from the certificates of deposit, from a miscellaneous journal (in cases where the transactions affect late postmasters' accounts), and from the report of drafts collected prepared by the collecting division in cases where drafts are sent to present postmasters for collection.

The amount turned over to the division of finance by the various bureaus of the Post-Office Department, as for instance dead-letter funds, inspectors' collections, sales of waste paper, etc., are reported by the heads of bureaus to the Auditor, the advices being turned over to the bookkeeping division and enabling the latter to ascertain whether the Treasury acknowledges all those items in the transcripts. No similar check exists on the miscellaneous deposits made into national banks and Treasury depositories and special account No. 5 throughout the country, and the Auditor has no knowledge as to the accuracy or otherwise of the amounts so reported.

Grants from the Treasury.

The first entry made on the general books in connection with grants from the Treasury is from the transcript rendered by the Treasurer, when an entry is made charging him and crediting grants from the Treasury. Simultaneously a further entry is made debiting deficiency in postal revenue and crediting a so-called "General revenue account."

The bookkeeping division and the collecting division are both located in the same building, and as the only record of the balances due to or by postmasters and of the postal revenues and expenditures are shown by the books and accounts kept in these divisions, it will readily be apparent that in case of the destruction of these records by fire or other calamity the operations of the Department and service would be seriously hampered. It was observed that the building is not of fireproof construction and that there are no vaults in the building into which the current books could be placed.

While it has been necessary to deal at some length and seriously criticise the methods of this office by reason of the importance of the subject, it is only fair to state that improvements have been effected in recent years and that the responsible heads of the division are fully alive to many of the existing defects. The inefficiency of the staff in this office, as evidenced by available records, and other difficulties, political and otherwise, of improving this condition, have, however, rendered the task of reform one of exceptional difficulty. In fact, as will be seen from our recommendations, the conditions call for a complete revolution rather than reform, and so long as the main lines of the present system are continued any changes therein can not materially improve the situation.

MONEY ORDER SERVICE.

(a) *Money Order Division.*—The present duties of the Auditor in relation to the money order service are separated into the following divisions:

(*a*) Inspection division, employing 151 clerks, which compares the amounts paid by postmasters with the canceled orders.

(*b*) Assorting division, employing 162 clerks, which, after the audit of the payment side of the account has been completed, assorts the orders into offices of issue and in numerical order for each office, and turns them over to the checking division.

(*c*) Checking division, employing 57 clerks, which compares the receipt side of the postmaster's account with the paid orders as received from the assorting division. Inasmuch as large numbers of orders remain outstanding for a considerable period and are not finally invalidated until they are twelve months old, it is evident that the receipt side of the postmaster's statements can not be completely audited for at least twelve months after their date.

(*d*) Recording division, employing 109 clerks, which completes the audit of the statements by checking transfers of funds from one office to another; transfers between money order and postal funds; conducts correspondence as to errors, and keeps a card ledger consisting of summaries of the postmasters' accounts. This division also prepares the quarterly and annual statements of the money order business.

(*e*) Foreign division, employing 24 clerks, which audits the accounts with foreign countries and conducts correspondence thereon.

As already stated in connection with the Postal Service, the separation of the money order and postal accounts leads to considerable duplication of the work of checking transfers between offices and between postal and money order funds, and a suggestion will be found later on in this report to amalgamate the two sets of accounts in accordance with the practice of other countries.

Turning now to the accounts and statements kept and prepared in the Auditor's Office, we have the following comments to make: In the first place, although there is published in the Annual Report of the Auditor for the Post-Office Department a statement of the assets and liabilities of the money order business, there has never been any system of double entry bookkeeping such as would permit of the correct preparation of this statement. Owing also to delay in receipt of postmasters' statements the amount of receipts and disbursements, while correct from a bookkeeping point of view, is not correct from a financial point of view. In the balance sheet the item of unpaid domestic money orders has never been definitely ascertained since the inception of the

service in 1865, but has been accumulated since that date by the addition of the amount of orders issued and the deduction of the amount of orders paid, and is merely assumed to be correct. Unpaid international orders and outstanding certificates of deposit and unadjusted international accounts are not even balanced in this manner, and the result is that all differences caused by cumulative errors extending over many years in all the other figures of the statement are merged in this one unbalanced figure for which no proper evidence can be produced at all. The balance of unadjusted international accounts can only be supported by a list of balances due foreign countries taken off from a single entry ledger, and the only reason to suppose that this is correct is because if it were not the respective foreign countries might be expected to raise some question.

As further evidence of the inaccuracy in the item of unpaid international orders, we might explain that the exchange offices for these orders will report to foreign countries as of June 30 only those orders for which advices have been received up to that date. Owing to the time which advices must take to reach the exchange offices, it is evident that a large number of orders issued at various post-offices prior to June 30 will not arrive in the exchange offices until after that date, and that the lists from which the Auditor takes up his credit for the foreign country omit all orders for which advices have not been so received. It is this floating balance which has never at any time been ascertained and can not in any way be proved under the present system. As a matter of fact the only items in the so-called statement of assets and liabilities which are capable of verification under the present system are:

Firstly. The balances in the hands of the Treasurer.

Secondly. Amount due from the postal accounts.

Thirdly. The balances due to or by postmasters at the end of the year; and even the last item is not strictly correct by reason of the omission of such accounts as had not come to hand at the time when the quarter's audit closed, and of the inclusion in postmasters' balances of remittances to depositaries which have been received by the latter but are not taken credit for by the postmasters until the certificate of deposit is received by them at a later date.

The forms in use for summarizing postmasters' money order accounts by quarters and preparing a final summary for all offices seem to be suitable for that purpose under the present system, but will be changed in some respects if the proposed consolidation of money order and postal accounts is adopted.

The system as above outlined and further dealt with later on in this report in our opinion is defective for the following principal reasons:

(1) The attempted proof of the correctness of the issued side of the postmaster's account is made by a system of visual check only, and under such a system there is absolutely no certainty that a clerk in checking has done his work accurately; for instance, he may have checked an item for $1 on the issuing statement when the paid order which he compared with it was drawn for the sum of $10, in which case the Government would sustain a loss of the difference. In actual practice this method of understating the amount of issued orders is perhaps the form of fraud most frequently employed by dishonest postmasters.

(2) No list of outstanding or unpaid orders is made out for each issuing office, which is merely another way of stating the proposition that there is no proof of the accuracy of the checking, since such a list of outstandings, together with the ascertaining of totals of paid money orders checked against the issued side, would detect such errors in checking as are above referred to.

(3) Because of (1) and (2) there are opportunities for collusion between clerks in the auditing department and postmasters outside by which the Government might be defrauded, and which operations might go on for some considerable time before being detected.

A few of the opportunities for fraud through collusion with postmasters are the following:

(*a*) A "paid" checker might pass an entry on a postmaster's paid statement for an amount in excess of the corresponding order. For instance, an order might be issued for the sum of $10 and paid by the paying post-office as $10, but entered as voucher for $100 on the paying statement. This possibility is accentuated by the system under which the same clerk has always checked statements from the same offices, and although the Auditor's order of June 22, 1907, provides that a change be made every three months, this is not in our opinion sufficient protection.

(*b*) A "paid" checker might pass fraudulent additions in the detailed lists supporting a postmaster's statements, which additions in the ordinary course would not be subjected to a further test at any period of the audit work.

(*c*) A "paid" checker might check an order with a paid statement of a postmaster, the order and statement being in agreement, and then return the order in question to the paying postmaster who, by changing the paid date stamp, might use the order as a voucher for a similar amount on a subsequent statement of his paid orders.

(*d*) Paid orders are not in any way cancelled except by means of the dating stamp of the paying post office, and remain on the tables and in the files, not being voided or mutilated in any way, lying about for several months during the process of audit, when it would be possible for any employee of the Department or even for an unauthorized person to secure money orders and send them back to the paying postmaster, who might use them again as vouchers on a future statement. In none of the above cases would such a fraudulent proceeding be detected except by accident, since no check by totals is at present made in any of the above cases.

(*e*) An "issued" checker might pass orders paid for a larger amount than the amount entered on the issuing postmaster's statement; for example, placing a check mark against an item of $1 on the postmaster's statement when the paid order was for $100 and this latter amount had actually been received by the issuing postmaster.

(*f*) A recorder might, upon receiving a postmaster's statement for entry on the card ledger, change the cash balance shown thereon to a less amount than the postmaster actually reported, notifying the postmaster, who would take up the fraudulent cash balance on his next statement. This is possible because the inspectors do not compare the opening balances with the closing balances in the preceding statements.

(*g*) A clerk checking depositary office lists with certificates of deposit reported on postmaster's statements might place a check mark against an item reported by a postmaster as having been remitted to his depositary office, although no corresponding amount appeared on the statement of the depositary office as having been received by it.

(4) The auditing of the issued side is not commenced until from nine to twelve months (in a very few special cases from three to six months) after the receipt of the postmaster's statement. Inasmuch as more than 80 per cent of the issued orders are paid within one month of the date of issue, it is clear that even under the present system a much more efficient audit is possible.

SECTION IV. PRESENT ORGANIZATION OF FIELD WORK.

1. POST-OFFICES.

The number of post-offices on January 1, 1907, was as follows:

First class	316
Second class	1,403
Third class	4,524
Fourth class	57,860
Total post-offices	64,103
Substations	4,076
	68,179

The classification of these post-offices is as follows:

The first class includes all those postmasters whose annual salaries amount to $3,000 per annum or upwards; second class includes all those whose annual salaries are less than $3,000, but not less than $2,000; third class includes all those whose annual salaries are less than $2,000, but not less than $1,000, exclusive of commissions on money-order business, and the fourth class includes all those whose compensation, exclusive of their commissions on money-order business, amounts to less than $1,000. Postmasters of the first, second, and third class are appointed by the President by and with the approval of the Senate for a term of four years, while those of the fourth class are appointed by the Postmaster-General. The salaries in the case of first, second, and third class offices are specified by the act of Congress of March 3, 1883, and depend upon the gross receipts of these offices for four quarters immediately preceding

March 31 of each year. Third-class postmasters in addition to their salary get a commission of 3 cents per money order issued. Fourth-class postmasters are allowed, firstly, the whole of the box rents collected; and secondly, commissions on the amount of cancellations of postage due stamps, postage stamps, stamped envelopes, postal cards, newspaper and periodical stamps on matter actually mailed at their offices; on amounts received in payment of second class (1 cent per pound of postage) and on amounts received from the sale of waste paper, undeliverable newspapers, printed matter, and twine. The commissions are calculated on a graduated scale with a limit of $250 per quarter.

Since money orders have come into more general use the practice of sending stamps through the mail in payment of purchases has been largely abandoned, and if postal notes are introduced, in accordance with recommendations which have been many times made by the Department, there will be even less likelihood of an improper use of stamps which might inflate the postmasters' compensation if based on the sale thereof.

Inquiries made in the Dominion of Canada show that the method of payment on the basis of stamp sales has been in force there for a number of years and appears to work entirely satisfactorily, and it is worthy of consideration whether apart altogether from other advantages in connection with the proposed accounting system leading to a saving in the administration expenses, it would not be well to revert to the method of determining salaries by reference to sales of stamps on the basis of the average of one or more preceding years; or as an alternative method it may be suggested that the salary might be based upon the population served by these offices.

In view of the provision that when the compensation of a fourth-class postmaster amounts to $250 for four consecutive quarters, exclusive of commissions on money-order business, the office becomes a Presidential one, and of the fact that in offices of the first, second, and third classes political influence would appear to be a large factor, it is believed that postmasters have in some cases understated their cancellation rather than risk the loss of their position by lack of influence. As soon as this compensation reaches $250 for four consecutive quarters and shall amount to more than $1,000 for the four quarters and his total receipts amount to over $1,900 for these quarters, the office is promoted to the third class and the postmaster is placed on a salary basis.

We understand that in former times these postmasters were paid on the basis of their stamp sales, but that this method was abandoned by reason of abuses which were found in connection therewith, and the ease with which postmasters could inflate the sales of stamps by using them for all sorts of purposes for which they were not intended. The present method of payment by cancellations, etc., is open to criticism, as it is very difficult to check, and it would seem to be almost as easy for the postmaster to defraud the Government under the present system as it was under the old one.

Postmasters are required at the present time to make quarterly statements which are sent direct to the Auditor for the Post-Office Department on special forms (Exhibits 4*a*, 4*b*, and 4*c*). This practice may be compared with that in Canada where, however, the business is very much smaller. In that country there are 12,000 post-offices, which are divided into what are known as accounting and nonaccounting offices, the accounting offices numbering 2,900 and including all those which do a money-order business. As there is a good system of postal notes in force in Canada, it has been found possible to keep within comparatively small limits the number of offices doing a money-order business. The nonaccounting offices are operated entirely on an imprest system, each office being supplied originally with a fixed amount of stamps, stamped paper, and postal notes, and being required to purchase such additional supplies for cash or its equivalent, namely, paid postal notes and salary warrants. It follows that the Canadian post-office department has to deal with the accounts of only 2,900 offices out of a total of 12,000, or just under 25 per cent of the total.

The accounts of the accounting offices are sent in daily for the large offices and on the 8th, 15th, 22d, and last day of the month for the rest. Formerly these accounts were rendered quarterly by a large number of offices and monthly for the rest, but this plan was abandoned some years ago in favor of that now adopted, which is found to result in a much closer check upon the accounts of postmasters. If the same proportion of offices in the United States could be converted into nonaccounting offices, instead of 64,103 accounts the Auditor's department would only have to deal with 16,000 accounts. The

receipts of accounts at more frequent intervals than at present would enable the accounts of the post-office service to be brought much closer up to date than they are at present. It is interesting to note that as long ago as 1887 a representative of the Canadian government made a report upon the English postal system as it existed at that time, from which it appears that even then a daily report was received from every post-office in Great Britain accompanied by remittances in cash or bank receipts to any amount which the postmaster might have on hand in excess of his authorized reserve. The offices which did not issue money orders were and are still run on an imprest system similar to that of the nonaccounting offices in Canada.

In most cities in addition to the chief post-office there are numbered and lettered stations. The numbered stations are operated under contract for a fixed sum per annum, the agent furnishing the office and paying all expenses, The lettered stations are regular branch post-offices and all expenses and salaries are paid by the Department. The postal accounts at both numbered and lettered stations are sent to and incorporated with those of the head office to which they are responsible. All postmasters are required to give bonds, either on personal surety or in a recognized surety company, and the sureties are held responsible under these bonds for any shortages in funds that may occur.

Mails handled are divided into the following classification:

First-class: Letters and postcards.

Second-class: (1): Newspapers and magazines—(*a*) free in county, (*b*) local delivery at 1 cent or 2 cents per copy, (*c*) in bulk at 1 cent per pound; (2) transient matter carried in single pieces at 1 cent for each 4 ounces or fraction thereof.

Third-class: Miscellaneous printed matter, 1 cent for each 2 ounces or fraction thereof.

Fourth-class: All matter not included in first three classes, 1 cent for each ounce or fraction thereof except seeds, etc., 1 cent for each 2 ounces or fraction thereof.

Penalty mail: Being that carried for Government Departments free of charge.

Franked mail: Being that carried for members of Congress, also free of charge.

Foreign mail: Letters and postcards; printed matter at various rates; parcels at various rates.

In addition to the above regular classifications there are also special services, viz, a registered mail and special delivery mail. No continuous records are kept of the number or quantity of pieces sent through the mails, but a clause in the appropriation act of March 2, 1907, has provided for a record to be kept from July 1 to December 31, 1907, inclusive, of the weight in pounds, respectively, of all the above classes and of the equipment carried in connection therewith. Also for thirty days during the same period the average haul of mail of these same classes is to be determined from records of certain post-offices and for seven days during the same period a record is to be kept of the revenue received from each class and a count of the number of pieces of each made. This special weighing commenced on July 1, and we have examined the methods adopted. We found that the incoming foreign mails had been excluded from the weighing, but on our bringing this matter before the officials the omission was corrected, and although some portion of these weights will have to be estimated, the final results on this class will be obtained with approximate accuracy. We have made special inquiries at several post-offices to ascertain whether or not the special weighing now being conducted has resulted or is likely to result in any delay in the handling of the mails. In this connection it should be remembered that few offices have any facilities for obtaining weights in the speediest and most economical manner.

The consensus of opinion expressed in these replies appears to be that no delay has been caused to first-class mail, although in some cases mail of other classes had been slightly retarded in dispatch. It was generally anticipated, however, that later in the year, when the volume of mail would be heavier, and particularly during the thirty-day period of special weighing for the purpose of ascertaining the average haul, considerable difficulty would be encountered owing to the want of proper appliances, and some delay would result. We have no doubt, however, that with a properly organized force and with the best appliances that could be obtained for the purpose, such weighings

could be conducted continuously even at the largest post-offices. This conclusion is confirmed by an inspection made within the last few weeks of the Chicago post-office where, largely owing to the peculiar construction of the building, it has been necessary to install several mechanical devices which, now that the special weighing is in progress, are found to very greatly facilitate the work; and the officials in that office have told us that they not only regard a continuous weighing as practicable, but would welcome it as rendering possible more accurate statistics.

The system of transmission of postmasters' funds has already been described under the heading of the division of finance. In theory postmasters are required to turn in the whole of their surplus funds, leaving no cash balance in their hands at the end of each quarter; but this is a theory only, as deposits are made not on the last day of the quarter but usually from fifteen to sixteen days later after the postmasters' accounts for the quarter are made up; indeed, it would be obviously impossible, with due regard to the efficiency of the service, for postmasters to abide by this regulation. In effect, therefore, it is found that while the postmaster's account shows no balance in his hands, this at no time represents the true condition of the facts, and it is worthy of consideration whether the practice adopted in the case of money-order funds should not be followed also in the postal funds and every postmaster allowed to retain in his hands permanently a certain fixed sum in addition to his supplies of stamps and stamped paper. Such a reform would enable the postmaster to deposit the whole of his surplus receipts over and above this sum on the last day of his statement and to comply strictly with the regulations. It would also avoid a large proportion of the routine work in the office of the Auditor for the Post-Office Department and in the finance division in connection with drafts in transit at the end of each quarter. Postmasters are allowed to take credit for deposits made with other authorized depositaries at the date made, whereas in their money-order accounts they must await the receipt of certificates of deposit.

The extension of the banking system throughout the country would seem to afford opportunities of simplifying methods of remittances by postmasters, but these do not seem to have been availed of by the Post-Office Department to the fullest extent. According to the Postal Laws and Regulations, a postmaster is required to remit in cash, but he is told that he may remit by a banker's draft at his own risk. Inquiries made as to the enforcement of this personal-liability clause show that in the very few cases in which any loss has occurred in respect of such drafts the loss has been borne by the Department and not by the postmaster, in spite of the regulation to the contrary.

There are certain items of receipt by postmasters which the Department does not verify. Such are the excess collections on post cards and stamped envelopes over the packet prices at which they are charged to the postmaster, paid third and fourth class matter for which no postage stamps are used, miscellaneous receipts, and box rents. The amounts of these are accepted on the certificate of the postmaster. Our inquiries in this division elicited the information that it is the practice for postmasters to receive deposits from publishers in advance of delivery of matter for mailing, and these deposits are in many cases stated to be maintained permanently. The moneys so provided are kept by the postmaster personally and are not in any way included in his accounts. There appears to be no reason whatever why these funds should not be treated as other funds of the post-office and properly accounted for to the Department. Inquiries made at New York show that the balances so maintained at that office aggregate about $150,000, which is never verified except by a very occasional visit of an inspector.

Postmasters are allowed to incur no expense whatever without previous authorization from Washington, and if any such expenses are included in their accounts they are suspended by the Auditor and form the subject either of correspondence with the postmaster or with the Department with a view to obtaining an authorization of such payments. This routine applies to payments amounting to even a few cents, and undoubtedly this minute supervision is expensive.

Postmasters, at any rate in the larger offices, such as first and second class, are paid substantial salaries, larger, in fact, than the majority of superintendents and clerks in the Post-Office Department. The Department is quite contented to trust them with all the above-mentioned receipts, but does not trust them to spend 15 cents for a rubber stamp without going through the whole routine of obtaining an authorization from the Department. This is a

fair sample of the excessive centralization in Washington which must seriously affect the efficiency of the service, and as the business and the number of postmasters increase it must have a still more damaging effect. It is suggested that a change of system by the transfer to the field of a large proportion of the work of supervision of postmasters would relieve the Department of much perfunctory work with which it is at present overburdened, and we shall submit suggestions as to methods by which this can be effected.

The following extract from the report of Postmaster-General Howe, dated November 18, 1882, with reference to salaries and allowances which, at that time amounted to only a small fraction of what they are to-day, appears to us to be equally true at the present time:

"Compensation of a postmaster in the third and fourth class is the equivalent allowed by law for administering his office. Every postmaster receiving less than $2,000 per annum finds his own office, furnishes, warms, and lights it, does his own work, and buys his own stationery, but the moment his salary reaches $2,000 the whole condition is changed. Then the office may be and usually is provided by the Government, is furnished, warmed, and lighted by the Government; his stationery and his clerks are paid for by the Government; in possible, if not in actual, cases the salary is a mere sinecure for which no service is rendered beyond signing official papers. The provision for these expenses, as is well known, is made by annual appropriations. These large sums (total expenditure of $4,910,000) are distributed among different post-offices entitled thereto by a series of orders allotting so much to one and so much to another. In theory these orders are made by the First Assistant Postmaster-General; in practice they are made by a fourth-class clerk in the office of the First Assistant. No matter by whom made, this distribution will not be well made. Finite intelligence could not make a wise and just allotment of such a fund; infinite intelligence can not be obtained in fourth-class clerks. Postmasters are eager for large allowances. The most importunate are apt to be best served. They ask earliest and oftenest. They employ every kind of entreaty, offer every sort of influence, personal and political. A clerk must act upon such a case as the postmaster presents; he has no means of rebutting it."

The report goes on to give a statement illustrating the inequalities in some of the allowances. At the present time the amount of these allowances has increased to about $25,000,000, and their administration, even down to the smallest items of cents, is still centered in the bureau of the First Assistant Postmaster-General. There is still no standard by which the economical administration of a post-office can be gauged. Appointments of postmasters are still made almost entirely for political reasons and not by reason of the applicant's ability or knowledge of the workings of the postal service. The criticisms made on the compensation of third and fourth class postmasters still apply to those of the fourth class. This report, reread after a lapse of twenty-five years, gives a striking illustration of the stagnation that has pervaded the whole administration and perpetuated defects which, even at that time, were so glaring as to need the strong condemnation meted out to it by the then Postmaster-General.

The true remedy seems to lie in an adequate scheme of decentralization, with effective control, and such a scheme forms an important part of the recommendations which are submitted in Section VI of this report.

A minor point that has come before us has relation to the method of dealing with short-paid letters. Where a letter is mailed without any postage on it it is held at the transmitting office until the addressee has been communicated with and asked to furnish the necessary amount of postage. This causes a delay of at least two or three days in the delivery of the letter and consequent inconvenience to the public and a great deal of work to the post-office. Where, however, a letter is stamped, but not to a sufficient extent, it is forwarded to its destination and delivered promptly with a postage-due stamp attached. In the case of registered letters the procedure is still different, the assumption being made in the case of short postage or fee that the postage is fully paid and the registry fee short, and the letter is delivered; the amount of the deficiency is then collected by a process involving a considerable amount of routine from the forwarding postmaster who, in turn, endeavors to collect it from the sender of the letter.

Similarly it is the practice in case of change of address to hold domestic post cards, and second, third, and fourth class matter until the addressee has been communicated with and requested to forward the necessary postage. This leads to delay to the recipient and entails extra work by the post-offices, all *of which might* be avoided.

There can be no doubt that it would be much simpler and save work in the post-office if the treatment in all cases were identical and if any letter, registered or otherwise, which is deficient in postage or fee were delivered to the addressee with a postage-due stamp attached for collection. An exception to this treatment has to be made in the case of foreign registered mail where under the rules of the Universal Postal Union the deficiency in the registry fee can not be collected from the recipient and must, therefore, be collected from the forwarding postmaster.

During a brief visit made to the Chicago post-office it was observed that large commercial houses furnish the Department with addressed labels and wrappers which are sorted by the mail clerks during hours when mails are light. These labels and wrappers, after being sorted are returned to the commercial houses so that the mail matter to which they are subsequently attached is sorted and routed when delivered to the post-office. We do not know to what extent this practice is employed in other post-offices, if at all, but it appears to be worthy of consideration for adoption in all offices where the volume of this class of business justifies it.

2. MONEY ORDER SERVICE.

As has already been mentioned, money-order funds and accounts have always been kept entirely separate from the postal funds and accounts. This appears to be done under the law of June 8, 1872, which requires that the Auditor shall keep the accounts of the money-order business separate and in such manner as to show the number and amount of money-orders issued at each office, the number and amount paid, the amount of business received, and all the expenses of the money-order business. There does not appear to be any provision of the law under which postmasters are required to keep money-order accounts separate or under which actual moneys relating to the money-order business are to be kept separate from the postal moneys, and it may be noted that the practice which always has been in force in this country is at variance with that adopted in England and Canada, where each postmaster renders a combined statement of the postal and money-order business. Incidentally, it may be noted that the last portion of the law requiring that all the expenses of the money-order business shall be kept separate has never been complied with, and no attempt appears ever to have been made by the Department to ascertain the true expense of carrying on this part of the business.

On January 1, 1907, there were 37,684 money-order offices, including 4,076 substations which issued money orders. Advice is sent for the money order issued by the issuing office to the paying office, and it appears that in many cases, particularly in substations, money orders are paid to the recipients without reference to the advice, upon satisfactory identification; and substations are encouraged to pay money orders drawn upon their head offices, although under the regulations orders can not be drawn on such substations.

There would seem to be great doubt as to the benefits derived from the system of advices, whereas there is no question that it does entail a great amount of extra work, and it is worth consideration whether the advices might not be abandoned in favor of a system of paying money orders on satisfactory identification, postmasters being, of course, held responsible as at present if they pay them without that safeguard. It may be noted that in the express-company system of money orders advices are not found to be necessary, and, moreover, these orders are issued payable at any office of the company upon satisfactory identification, and it does not appear that frauds to any appreciable extent have been discovered as a result of these methods. Quite apart from the labor involved by the system of advices, it may be mentioned that a large amount of space is required, especially in large offices, for their storage.

The accounts of money-order offices are sent in weekly from large offices and monthly from the smaller ones, the total number of accounts received from the 37,684 offices and stations being approximately 760,000 per annum. Every postmaster is allowed a certain fixed balance on hand, and there is a good system by which his surplus funds are sent to some near-by larger office; the balances of these larger offices are sent to the principal cities, and, finally, are lodged in the post-offices in New York and Chicago, upon which cities a great proportion of the domestic orders issued are drawn. In New York the balances due foreign countries are settled. This system of financing could well be applied to the postal system to a greater extent than at present.

A defect in this system is that a postmaster is not allowed to take credit for deposits until he has received a certificate of deposit, while in the postal service he takes credit at date of deposit and the certificates are sent direct to the Auditor.

With nineteen foreign countries the money-order business is conducted on what is known as the "direct system," which means that these orders are treated as domestic orders except as hereinafter noted. Orders issued in the United States payable in these countries are eventually returned by the paying postmasters through the chief post-offices in their respective countries to the Department at Washington, where they are audited and payment made by the Third Assistant Postmaster-General by Postmaster-General's check for the exact amount so presented. Similarly, orders issued in these foreign countries payable in the United States are returned by the paying postmasters to the Auditor in Washington in due course, and are then remitted by the Third Assistant Postmaster-General to the head postmaster of the foreign country, who makes a remittance for the exact amount. Each country retains the fees which it collects on these orders.

It should be noted here that by reason of the absence of any proper accounting system the United States would suffer a financial loss if any of these orders were mislaid in the Auditor's office, as it would be quite impossible afterwards to discover the error. Moreover, owing to the great delay in auditing the money-order accounts of postmasters in Washington, as compared, for instance, with the much speedier system in Canada, the Canadian post-office collects balances due by the United States very much more quickly than the United States collects balances due by Canada.

The general plan of issuing and paying money orders is as follows:

Books of money-order forms are supplied to postmasters, each form bearing a consecutive number, and a separate series of numbers being used for domestic and international orders. Application is made for the issuance of money orders upon printed forms and the orders are written out by the postmaster, together with advices, receipts, and coupons. In domestic business the receipt is handed to the purchaser with the order, and the advice is forwarded to the paying office, the coupon being retained by the issuing office. In the case of international business the order and receipt are handed to the purchaser, the advice is sent to the exchange post-office, and the coupon is sent to the Auditor at Washington with the postmaster's account. At the exchange office lists are prepared of foreign orders in duplicate, by countries, and forwarded to each country, sometimes accompanied by the advices, according to the conventions with the respective countries, to notify them of the amount of orders issued upon them. The foreign country returns the original of the list duly certified, and upon receipt thereof by the Auditor at Washington the amount is credited to that country. By reason of the fact that there is always a large balance in favor of Great Britain, the New York postmaster has instructions to remit with the list 75 per cent of the amount thereof. Orders issued in foreign countries and payable in the United States are listed by foreign countries in a similar manner, duplicates of these lists being received by the Auditor and charged to the foreign country.

Duplicate domestic orders are issued (without charge) at any time upon request of the payee or remitter, accompanied by a certificate of the paying postmaster that the original money order has not been and will not be paid; but by reason of the delay in the audit of money-order accounts no examination is or can be made of the Auditor's files to ascertain whether the original money order has been paid or not. Such an examination should be a necessary precedent to the issue of duplicates, for it frequently occurs that both original and duplicate are paid.

3. RAILWAY MAIL SERVICE.

The railway mail service throughout the country is divided into eleven divisions, each under a divisional superintendent and an assistant divisional superintendent. The work of each division may be grouped as follows:

(1) The preparation of schemes and schedules for the transportation, sorting, and distribution of mails through the territory covered by the division.

(2) Supervision of the force of railway postal clerks attached to the division, the collection and collation of their trip reports, and the general supervision of the performance of the transportation and service throughout the district.

(3) The supervision of the quadrennial weighing of the mails.

(4) The examination of clerks on schemes of distribution, which they have to know thoroughly before being placed on any particular service.

Each divisional office, with the exception of Washington, has a small printing office attached, and at Cincinnati the plant and machinery is understood to belong to the chief printer. Some also have dormitories for the use of the railway postal clerks, for which use a charge is made and applied to the maintenance of the dormitory.

The weighing of the mails in the third of the four sections into which the country is divided for that purpose ended on June 4 last, and our representatives went over several of the routes to examine the manner in which this weighing was carried out. As a result of this examination, we are of the opinion that while the individual weights may not be exact, yet from the number of separate weighings and the probability that errors made would balance themselves, the results are sufficiently accurate for the purposes for which they are required. The weighing operations and tabulation of the weights are necessarily carried out by temporary clerks, who, as a rule, have little or no experience in the work, and better results could probably be obtained if the country were divided into smaller sections or groups of routes and the weighing carried on continuously in one or other of these groups by a corps of men specially trained in this work.

The railway pay is arrived at on the basis of the pound-miles of mail carried over the route during the weighing period divided by the number of days in which the weighing occurred and the number of miles of the route, which gives the weight in pounds per day per mile of route, and from this the route weights are determined.

Fines and deductions for nonperformance of service are made on the basis of what are known as train values, which are worked out for each route at the time of determining the compensation for the next four years (Sec. III—3 *a*).

The expense of each quadrennial weighing amounts to from $300,000 to $500,000, and if some different basis could be arrived at under which the necessity for this weighing could be avoided, considerable economies would result. It may be pointed out that the weight of mails carried increase very considerably every year, and consequently, if a payment to the railroad is fair, in the fourth year of the quadrennial period it must be excessive in the first year, or if fair in the first year, it must be inadequate in the fourth. Special mention might here be made of the large quantities of penalty and franked matter carried in the mails, particularly from Washington, which could probably be more economically sent by freight or express.

There are 91 chief clerks of lines, the majority of whom have an assistant and one or more stenographers, who exercise much of the executive authority of division superintendents in matters of detail or of secondary importance.

There are also 24 assistant superintendents, responsible directly to the Second Assistant Postmaster-General, who inspect transportation service in the field. Their inspection trips ceased prior to June 30 for the last two fiscal years, owing to the appropriations for per diem being exhausted.

The remaining staff employed in the service consists of clerks traveling in railway post-office cars and transfer clerks supervising the transfer of mail from trains to post-offices or between trains at terminal points and junctions. The transfer clerks record the arrival and departure of every train and report failures; they also keep books on which railway postal clerks record their arrival and departure. Trip reports are made by the chief clerk of each train crew, giving particulars of detours and late arrivals of trains, mail distributed, and registry matter handled, and from these reports and the reports of the transfer clerks, postmasters, and chief clerks the railroad companies' quarterly affidavits of train failures and detours are checked in the divisional office. Late arrivals included in the same affidavit, however, are not checked. The methods of keeping the records vary in each division, and there is a general want of uniformity instead of the selection of the best methods from each division and their institution in all.

The railway mail clerks are paid by the postmasters at various points throughout the country as may be convenient, without any confirmative advice from the divisional offices except in cases where deductions have to be made. The methods and periods of pay appear to vary considerably, and in most cases the rolls are prepared and the clerks paid by the same individual. It would seem natural that regular pay rolls should be prepared in the divisional office

to which the clerks are attached, but it is claimed that the adoption of this method would delay the pay, which is at present made on the second of the month, and would cause considerable dissatisfaction among the force.

4. CITY DELIVERY SERVICE.

Applications for service are referred, as received, to the office of the chief inspector, who reports to the superintendent of this division.

The need for additional carriers at an office is determined either by extension of the improved sections of a city, or on the basis of the number of pieces of undelivered mail, which are required either to be returned to the office or dropped into a collection box at the close of the eight-hour day.

The conditions as to undelivered mail may be partially remedied by an order of the First Assistant Postmaster-General which has been proposed, but not yet put into effect, under which the carreirs' time would consist of forty-eight hours per week, but not necessarily of six days of eight hours; thus providing for fluctuations in the daily mail.

The frequency of collections and deliveries is left to the discretion of the local postmasters. At the end of each day the carrier is required to make a report of the actual hours' work performed, showing the time spent in the office separately from that on the route.

Allowances are made for horse hire, car fare, and the maintenance of bicycles to carriers who serve the outlying sections of a city.

The compensation allowed special-delivery messengers is 8 cents for each piece of matter delivered or attempted to be delivered, and in addition special allowances are made for car fares.

Considerable difficulty is experienced in securing substitute carriers at many offices, on account of the uncertainty of the amount of compensation they will be able to earn. It is recommended that the requirement that postmasters should engage such substitutes to make delivery of special-delivery matter when their time is not otherwise taken up be embodied in the Postal Laws and Regulations.

5. RURAL FREE-DELIVERY SERVICE.

The petition of at least 100 families in a rural district is the first step toward the establishment of rural free-delivery service, which supersedes any star route that may happen to run on the same line of service, and displaces, in some cases, fourth-class offices.

The development of rural free delivery has reached a point where the number of new routes established may be expected to decrease, and the extension of county service will result in the consolidation of existing routes, with a corresponding saving.

STAR-ROUTE SERVICE.

The primary object of this service is the transportation of mail in closed pouches between post-offices in rural districts, although in addition to the conveying of pouches the carrier is frequently required to perform a free delivery and collection service along the route to and from boxes stationed thereon.

The term of a contract is four years, and advertisements inviting bids are issued in book form and posted in all the post-offices in the State or States in which the routes are situated.

The contractor is required to take oath of service and furnish sureties, and in case of failure to perform the service required under the contract the postmaster to whose office the route is attached employs a temporary carrier at a rate not exceeding the contract rate, the cost of this temporary service being deducted from the pay of the contractor or recovered from his sureties. The postmaster furnishes a monthly report of performance or nonperformance of service, and fines and deductions are imposed for irregularities. The rate of pay varies very considerably in different parts of the country.

SECTION V. COMPARISON BETWEEN POSTAL SERVICE AND PRIVATE INSTITUTIONS.

In accordance with a specific request of your commission, we submit the following statements as to the reason why, in our opinion, the Post-Office service not be operated as economically as if it were in the hands of a private cor-

poration. Some of the considerations advanced have, we are aware, been often and exhaustively discussed, but we believe that, even on these points, opinions formed after a detailed study of the Department in the light of an extensive acquaintance with large business corporations may be of interest to your commission.

1. CONTROL BY CONGRESS.

The service is, throughout, closely controlled by Congress through its Committees on Post-Offices and Post-Roads, and no important variations in the system or in its administration can be initiated without an act of Congress, which, even when indorsed fully by these committees, is frequently difficult to obtain. A private corporation, in theory, is controlled by its stockholders, the majority of whom nominate the board of directors. The board of directors, in turn, appoint the permanent officials, and these officials, the chief of whom is usually also a director, exercise to all intents and purposes sole control over the operations. These boards of directors are small bodies, as compared to Congress, and their members are usually selected for their general business experience and capacity and their large financial interest in the success of the business which they are to direct, and yet they do not usually attempt to do more than dictate the broad policies of the company. Congress, as a whole, can have but little knowledge of the conditions under which the Post-Office is or should be operated, and considerations other than the efficiency of the service frequently form a factor in its decisions. It is, of course, essential to the public interest that Congress should maintain an effective financial control, but ways can probably be found of minimizing the disadvantages now felt.

2. POLITICAL INFLUENCES.

(*a*) *As to employees.*—A large proportion of the employees of the Post-Office Department and service are now appointed from lists of three names submitted by the Civil Service Commission, and their positions are supposed to be entirely free from political influence of any sort. In practice it is doubtful if this is the fact, and it still appears that nominations are distributed ratably over the various States, and that the policy of selecting the best available candidates, irrespective of locality, has not been fully recognized. In this connection the following extract from the Twenty-third Report of the United States Civil Service Commission is of considerable interest:

"It can not be said that any satisfactory system of promotion examinations has yet been devised. Different plans have been tried with varying success, and apparently the most satisfactory of these is the one now in operation at the New York custom-house. The Commission hopes that the results obtained there will justify the extension of this plan to other parts of the Government service. The present practice of allowing promotions to be made upon such tests of fitness as the Department may prescribe in the absence of promotion regulations leaves open the door to political pressure, so that while it is undoubtedly true that a bureau chief or the head of an office may be able to decide better than any examination can the relative fitness of employees in his office, it is unfortunate that he is not always allowed to exercise that discretion unhampered, owing to pressure exerted by outside influences in behalf of the employees of the office. It has been found that as a result of the promotion regulations the appointing officers at the New York custom-house have been relieved of practically all importunities for promotion, leaving them free to advance the more meritorious and competent persons, regardless of political or personal influences so frequently exerted in the absence of promotion regulations."

The appointments of postmasters, clerks in post-offices, and many other grades of the service are still largely affected by political influence, and it is to be feared that nominations made have often insufficient regard to the fitness of the applicant, to his previous experience, or to his familiarity with the routine of the postal service. Moreover, the frequent changes in the personnel of the service naturally operate adversely to its efficiency.

As compared with this condition, in well-administered commercial concerns promotion is by merit alone, no other influences being considered; and the different parts of the business are intrusted to heads thoroughly familiar with the whole routine work, who are held responsible for the work and are given practically a free hand in the selection, promotion, and retention of their subordinates.

(*b*) *As to policies.*—New policies suggested by the officials of the Post-Office Department as in their opinion of advantage to the fuller development of the Department and its economical administration are frequently rejected or ignored by Congress.

On the other hand, in a private corporation the responsible heads, who are appointed by and have the confidence of the directors, are allowed a wide discretion in initiating new policies for the development of the business; and their recommendations, after careful consideration by the directors, are generally accepted and judged by results.

3. ADHERENCE TO PRECEDENTS.

The work of the Department and its development is hindered all along the line by slavish adherence to old methods and to precedents created in previous years, and many reforms which might otherwise be instituted are hindered—if not entirely prevented—by appeals to the decisions of the Comptroller, made, perhaps, many years ago under entirely different conditions. Then, again, the conservatism of Government officials is a generally admitted fact. There is no inducement to employees to suggest improvements in the service for the reason that if these improvements result in greater efficiency or economy of administration they will receive little credit; and, on the other hand, if new methods are not successful they will be charged with the whole blame. Moreover, to suggest improvements which will result in economy is to create hostility among other members of the organization, whose services may thereby be rendered unnecessary. On the other hand, a clerk who adheres to the routine which existed prior to his appointment will be left undisturbed and will receive credit by performing his duties with even a slight degree of efficiency and accepting without comment methods which have been handed down from earlier generations.

On the other hand, in a private corporation inducements of various kinds, and frequently of a monetary nature, are given to employees who make valuable suggestions for improvements in the service, and their merits are further recognized by promotion to higher positions in the service as soon as they show by their industry and capacity that they can be of real value therein.

4. APPROPRIATIONS.

The system of appropriations, which is admittedly necessary in the Government service, is another feature in which the post-office differs from a private corporation. In the latter, appropriations are made for specific purposes in the shape of authorities given by the higher officials for current expenditures and if at any time these authorities are found to be insufficient or if, for any reason, it is deemed advisable to increase the expenditure, this can be done immediately; and, even if the amount authorized be exceeded, provided that proper reasons are given, no exception is taken and no harm done.

In the case of appropriations by Congress, however, it is entirely different. There are strict penalties for exceeding an appropriation and the responsibility for the excess, while not anywhere clearly defined, is believed to extend to every official who has had anything whatever to do with the expenditure, either by originally authorizing it, by purchasing goods necessary for the purpose, by passing the accounts for payment, or by issuing warrants therefor. This leads to the extensive and expensive duplication of records to which reference has already been more than once made.

The post-office is in a peculiarly difficult position as regards appropriations in that the requirements of the service, which must be kept efficient and which must continue to meet the demand upon it, increases rapidly each year, and during the year, and it is a practical impossibility at the time the appropriations are made to forsee what the necessities may be. As a matter of fact, the estimates for the expenditures for any year ending June 30 have to be submitted to Congress at least six months before the commencement of the year to which they relate, and the data upon which the estimates are based has to be collected several months before that. In other words, the estimates for the expenditures of any particular year have to be based upon the second year previous. Then again, in at least one year out of two, Congress adjourns some months before the end of the fiscal year and, if an extra appropriation is required, it can not be obtained. In the course of our investigation we have found *many instances in* which the work in certain divisions has had absolutely to

stop before the end of the fiscal year because the appropriations have become exhausted and the following examples are suggestive:

In Cincinnati, for example, the printing plant was lying idle for weeks, all the salaries of the printers continuing as usual, owing to the appropriation for paper being exhausted. Meantime the printing necessary was done by an outside printer and paid for under some other appropriation.

In New York foreign mails office, two time recording clocks were lying unused for three months owing to there being no appropriation available for their repair; meantime the clerks' hours were recorded by the clerks in charge of the various "tours."

The traveling allowances of the officials of the railway mail service whose duties consisted of personal inspection of the efficiency and needs of the service having reached the limit set by the appropriation, these men were compelled to allow their work to lapse for several weeks before the close of the fiscal year.

It is obvious that under such conditions the service must suffer.

The effect of the appropriation system and the difficulty of getting appropriations through Congress is also to be seen in the dearth of mechanical appliances for assisting in the work of the Department. In such aids as typewriters, arithmometers, weighing machines, etc., as already mentioned, the service is lamentably deficient, whereas in a private corporation any demand therefor, supported by satisfactory evidence of the usefulness of the machines required, would be immediately granted. It would seem that improvements might be made in the manner of making appropriations by remembering that mechanical devices have, to a large extent, taken the place of human agencies in the business world. Owing to the inelasticity of the appropriations it is not possible for the Department to take immediate advantage of improved methods which come to their notice.

It is safe to say that in the post-office the grants made for these purposes are considerably in arrear of the applications made for them, though defective appropriation records and the fear of liability for exceeding the amounts authorized also contribute to the conditions which exist.

True economy, it seems, would be obtained, firstly, by insuring the efficiency of all the employees of the Department; and secondly, by seeing that the efficient staff so created was supplied with the most efficient appliances for carrying out their work.

We believe that the efficiency of the Department might be greatly improved without the control of Congress being in any way impaired if Congress were furnished with detailed estimates of revenue, expenditure, and probable deficit, and could, after giving to these estimates the same consideration as is now given to the appropriations, pass an appropriation for the deficit which they considered reasonable. The apportionment of the funds available would then become a matter of administrative control, and the Postmaster-General, while making definite allotments thereof to each branch of the service and holding the heads of the service responsible for keeping their expenditures within the amounts allotted them, would be able to exercise a constant supervision, reducing or increasing individual allotment as might be desirable within the limits fixed by the amount of the revenue and the grant made by Congress.

5. POSITIONS OF THE ADMINISTRATIVE HEADS.

We have already called attention to the bureau system in the Post-Office Department and to the fact that the appointments to the offices of the Postmaster-General and Assistant Postmasters-General are purely political. They run for short periods of years and their holders, with few exceptions, have had no previous experience in the postal service. At the end of a few years, at which time it may be supposed they have attained some familiarity with the details of the business which they are administering, they go out of office. The remuneration attached to the positions of Assistant Postmasters-General is so small that of necessity the incumbents must have private means; it is hardly reasonable to suppose that any man of ability would be willing to retain his position for more than a few years, at the end of which time he must feel that the sacrifices he has made for the Government service are sufficient. Upon their acceptance of office the Postmaster-General and his assistants find themselves involved in a mass of administrative work of which they may have had no previous knowledge and that little time is at their disposal to master the many intricate details of the business which they are called upon to administer. At the best they can only hope to master the work of the few divisions

which form their particular bureau, and from this it follows that each bureau has developed into a separate organization, operated without regard to the interests of the service as a whole.

In a large private business an entirely different condition of affairs is found. The administrative heads have usually worked their way up through the whole organization in its various states and are carefully selected for their experience and their knowledge of the business for which they are to be held responsible, and the salaries attached to these positions will generally be found to be many times in excess of those paid in the Government service. These men are held directly responsible by the board of directors and the stockholders for the success of their administration; and, on the other hand, they are given an entirely free hand in the selection and control of their subordinates, of whose ability they carefully satisfy themselves. If it is necessary, as in the case of large railroad companies, to divide the operation of the business into sections, full responsibility for the operation of each section thereof is thrown upon the officers selected for the purpose, who are at the same time required to keep in close touch with the executive head and with the heads of the allied divisions; and by means of committees of directors and officials and of the system of making the head of each division directly responsible to his superior for his work, a homogeneous and uniform system of administration of the highest character is assured throughout.

It may be argued that the Government service differs entirely from a private corporation in that it does not aim at profits; but it surely should aim at the efficiency which, in private enterprises, insures profits, and the Post-Office Department, at least, is a large business institution whose sole object is to collect, transport, and distribute mail satisfactorily without any expense to the community at the cheapest possible rates.

Another feature of difference is that the responsible managers of a private institution frequently have a direct pecuniary interest in the results obtained, whereas in the Government Departments the financial interest of the heads is limited to keeping their expenditures within the authorized appropriations, and expending as much as possible thereof so as to avoid reductions in succeeding years. This would naturally lead to extravagances, which is restricted by Congress by voting minimum appropriations.

6. POSITIONS OF EMPLOYEES.

The salaries of the Assistant Postmasters General being low, it follows that those of the superintendents and high grade clerks must also be low, and while in an ordinary business the men holding these positions might reasonably expect to succeed in due course to the higher positions, such promotions are comparatively unknown in the Department; and, even if it were the custom, it is doubtful if the prospect of rising to a salary of $5,000 per annum as a maximum would attract men of sufficient ability for the requirements of the service. The following further extracts from the twenty-third report of the Civil Service Commission have a direct bearing upon this subject:

"The great defect in the Federal service to-day is the lack of opportunity for ambitious, well-educated young men. All of the higher positions are outside of the competitive classified service, and no system has been established by which those who have distinguished themselves in the service can be promoted to the more important offices and at the same time enjoy reasonable security of tenure. There is not sufficient inducement for the most capable men to enter the examinations, as they can do better by seeking employment in large corporations, trusts, and other institutions, where they can in time command much higher salaries than they can ever hope to secure in the Government service. The service should be attractive enough to lead intelligent and ambitious young men to enter with a view of making it a life career, and with the understanding that through their ability and a zealous performance of duty they may be advanced to positions of administrative importance and responsibility.

* * * * * * *

"The Government can not hope to compete with private employers unless it pays salaries that measure up fairly well to the standard of private business."

It must be discouraging to the superintendents and chief clerks in the De*partment* to see the positions of postmasters—carrying salaries up to $6,000

per annum and, in the cases of New York City and Chicago, $8,000 per annum—awarded continually, for political reasons, to those who have not earned the position or attained the experience of the postal service which they themselves have gained in the course of their official career in the Department. The recent promotion of the assistant postmaster at New York to the chief position in the field service is a welcome break in the precedents heretofore followed and the adoption of a similar policy in other cases will do much to encourage the efforts of the progressive members of the force toward greater efficiency.

By the courtesy of the officials of the British post-office we have been furnished with information as to the salaries paid therein, and a comparison of the salaries in the Department and service with those in Great Britain and with those prevailing in commercial institutions both lead to the same conclusion, that the clerks and superintendents in charge of divisions and sections are underpaid, while those holding purely clerical positions are receiving more than the market value of their services. Postmasters in the field are probably getting an equitable remuneration commensurate with a proper performance of their duties.

Another point to which attention should be given in connection with the salaries of employees is that no pension or superannuation allowance is provided by the Government regulations, and there are many employees in the Department who have reached an age when their services are worth little or nothing but who are kept on the pay rolls mainly for the reason that they can not be turned adrift and left with no means of subsistence. The Department pay rolls include a number of pensioners who are of little or no use but whose existence thereon can always be used by Congress as an argument against further increases of the staff. The following statement setting forth the ages of the employees in the Department and in the Auditor's office are of interest in this connection:

Post-Office Department.

Ages.	Males.		Females.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Under 20	21	1.69	1	0.08	22	1.77
Between—						
20 and 30	226	18.21	43	3.47	269	21.68
30 and 40	250	20.15	98	7.90	348	28.04
40 and 50	176	14.18	105	8.46	281	22.64
50 and 60	117	9.43	48	3.87	165	13.30
60 and 70	106	8.54	25	2.01	131	10.56
70 and 80	22	1.77	2	.16	24	1.93
80 and 90	1	.08			1	.08
Total	919	74.05	322	25.95	1,241	100.00

Auditor's Office.

Ages.	Males.		Females.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Between—						
20 and 30	66	8.89	35	4.72	101	13.61
30 and 40	116	15.63	130	17.52	246	33.15
40 and 50	93	12.53	66	8.90	159	21.43
50 and 60	61	8.22	52	7.01	113	15.23
60 and 70	64	8.63	26	3.50	90	12.13
70 and 80	29	3.91	4	.54	33	4.45
Total	429	57.81	313	42.19	742	100.00

7. ABSENCE OF STANDARDS OF EFFICIENCY.

In the private business the standards by which efficiency and economy of the administration are judged are the results in profits together with a comparison of the costs of different stages of the operations and as between different divi-

sions of the business. In the Post-Office service, as the business is not carried on for profit, this standard is entirely lacking; and, on the other hand, no attempt whatever has at any time been made to ascertain the cost of operation of different post-offices or different services and so to judge of the efficiency of those who are responsible for them. Some attempts at efficiency records by statements of work done at different periods is made in the Department, but these records are either filed without being referred to the chief officials, or, if so referred, appear to be entirely ignored. We have seen in certain efficiency statements of work done that exactly the same class of work by different individuals has varied in exceptional cases from under 2,000 to over 22,000 operations in the same period of time, and in a number of cases from 5,000 up to 12,000; inasmuch as these discrepancies are observed continuously it is evident that little attempt is made either to increase the efficiency of the weaker members of the force or to dispense with their services and replace them with more efficient employees.

8. OVERCENTRALIZATION.

We have already referred in a general way to the excessive centralization of work in the Department at Washington and the consequent loss in efficiency, and we would call attention here to the difference in this respect between the Post-Office and private institutions.

In the latter the central administration does not attempt to do more than exercise a general control over the heads of departments in the field by keeping in close touch with them and by such systems of accounting as will immediately bring to light any weak points in administration. It can safely be said that if any commercial institution should attempt to manage from headquarters ever detail of a business of the size of the Post-Office down to the expenditure of a few cents and were further to attempt to deal, by lengthy correspondence, at headquarters with every small query that might be raised in the field, the business never could be a successful one. It would seem essential that, if the best results are to be obtained, some scheme of decentralization should be adopted at an early date.

9. OWNERSHIP OF EQUIPMENT.

Another factor in any comparison between a post-office and a private business is that of ownership of equipment. The Post-Office service has occasion to employ large numbers of railway mail cars, screen wagons, city and rural delivery vans, trucks, bicycles, and, in certain cities, pneumatic-tube lines. In addition a large quantity of equipment in fourth-class offices is provided by the postmaster; and, in certain other branches also, equipment such as printing plant for the divisional offices of the railway mail service is also owned by employees and not by the Department. It is to be assumed that those who provide this equipment are making at least a fair profit on its use in addition to the cost of maintenance, and while it can not well be stated, owing to the scattered nature of the service, whether the Post-Office could make the same profit if it owned the equipment itself, there can be little doubt that a private business institution could make such a profit and would certainly own the whole of its equipment outright in preference to having it provided by contractors and employees. Inasmuch as the payment for the use of all of this equipment is merged in the compensation for the various services rendered by the individuals or companies, it is entirely impossible to estimate the value thereof or the amount that might be saved if it were owned by the Department and efficiently administered.

10. GENERAL.

Any comparison between the results of the Post-Office business and those of a private corporation, to be of value, must take into account the fact that the Post-Office is doing a large amount of work for which it gets no pay, and probably carries on a large proportion of its business at a loss. The special weighing now in progress will result in ascertaining with approximate accuracy the amount of penalty and franked matter carried free through the mails, as well as the free delivery of second-class matter in the county of issue, and it will thus be possible to ascertain with some degree of accuracy the loss of revenue to which the Post-Office is subjected. In Section II of this report we have stated as fully as is possible under the present conditions the amounts

which should be charged to the postal service and those for which it should receive credit.

Owing to the lack of a proper cost system, it has hitherto proved an impossibility to ascertain whether the rates charged for carrying different classes of matter are sufficient to pay the cost of transmission. The general tendency of the evidence given before the commission on second-class matter was to show that the rates for second-class matter were entirely inadequate; and, in view of the large quantity of this matter carried, approximately 708,000,000 pounds, any reasonable increase in postage fees might mean a considerable addition to the revenue. In view of all the conditions it is only to be expected that the results of operating the Post-Office under present conditions must be less favorable than if the business were handled by a private company, but any opinion as to the extent of the difference can be nothing better than a wild guess.

SECTION VI.—SUGGESTIONS ON GENERAL BUSINESS SYSTEM.

It now remains to suggest remedies for the heretofore recited defects.

1. *Organization of the Department.*—We have to recommend in the first place the appointment of a permanent official at a sufficient salary, under the title of director of posts, who would occupy the position of general manager and would be immediately responsible to the Postmaster-General as a Cabinet officer, for the administration of the whole postal service. It is essential that this position, if created, should be filled by a man of exceptional executive ability, familiar with the routine of the postal service, and he should be given a free hand to effect a complete reorganization of the Department and the service consistent with the existing law and any amendments thereto which may be adopted as a result of the report of your commission.

This director of posts would entirely relieve the Postmaster-General of the general administrative duties which he has at present to perform, and leave him free to devote his attention to matters of public policy and questions of supreme importance to the efficient administration of the service.

2. *Abolition of bureaus.*—We have already called attention to the defects of the present system of bureaus, resulting in the creation of several separate organizations within what should be a consistent whole. In other Government departments the term "bureau" appears to be generally applied to independent classes of Government work which happen to be placed under the same Cabinet officers; such, for instance, as the Bureau of Insular Affairs under the Secretary of War; the Bureau of Corporations, Bureau of Manufactures, and Bureau of the Census under the Secretary of Commerce and Labor, and the Bureau of Education under the Secretary of the Interior. In the case of the Post-Office Department, however, no such division is necessary or should be permitted. The business should be run under the uniform direction of one head, and the only grouping under this head should be into divisions, each of which would represent some particular feature of the service under the charge of a responsible assistant director, while questions of postal policy and the relations between divisions of the service should receive the general attention of all the heads of divisions.

We therefore recommend the entire abolition of the offices of Assistant Postmasters-General and the appointment in place thereof of six assistant directors in charge, respectively, of the divisions of post-offices, transportation, appointments, finance, inspection and supplies; of a purchasing agent, as at present; and of a comptroller (or chief accountant); both of the latter ranking as assistant directors. The exact constitution of these divisions will be described under the heading "Division organization" in this section.

These eight officials, under the presidency of the director of posts, should form a board which should meet at regular intervals, not less than biweekly, and should discuss and settle all questions of policy, compare notes as to the administration of their different divisions, and discuss all important questions which seem to call for the decision or advice of the director of posts. The Postmaster-General should, at his discretion, attend the meetings of this board with the right to preside thereat whenever present.

There would also be an assistant attorney-general for the Post-Office who would act as legal adviser.

The Auditor for the Post-Office Department, who under the scheme which we recommend would still remain an official of the Treasury, should by courtesy attend meetings of the board without, however, being an official member thereof.

Each of these divisions would be divided into sections, each under a superintendent who would be responsible to the assistant director of the division for the work of his section. The same organization should be employed also in the division as is suggested for the whole Department; that is to say, the assistant director, together with the superintendents of the sections in his division, should meet every morning, compare notes and discuss any important matters requiring consideration that came up in the preceding day's work. The Postmaster-General and the director of posts should at their discretion attend these division meetings in order to keep themselves generally informed and to offer suggestions for consideration as to the conduct of the internal affairs of divisions.

3. *Division organization.*—The following is an outline of the constitution of divisions, showing how the existing divisions and sections should be reorganized into the proposed new divisions and sections. A chart thereof will be found in Exhibit 6*a*.

Division I. Post-offices.

This division would have general supervision over the operation of all the post-offices in the field through the district directors hereinafter referred to. The sections of this division would be as follows:

Section 1—Postal.
Section 2—Money order.
Section 3—Registered mail.
Section 4—City free-delivery service.
Section 5—Rural free-delivery service.
Section 6—Classification.
Section 7.—Allocation of allowances for (*a*) rent: (*b*) clerical assistance; (*c*) miscellaneous.
Section 8—Dead letters.
Section 9—Superintendence of buildings.
Section 10—Voucher clerk.

Division II. Transportation.

This division would supervise the transportation of mails, being divided into the following sections, corresponding closely to the divsions of the present bureau of the Second Assistant Postmaster-General viz:

Section 1—Contracts.
Section 2—Railway adjustment.
Section 3—Foreign mails.
Section 4—Railway mail service.
Section 5—Voucher clerk.

Just as in the case of post-offices a great part of the work of this division would be done as at present, through district offices, only the general administration being carried on at headquarters in Washington.

Division III. Appointments.

This division would make all new appointments in the field and new clerical appointments in the Department, on request from the assistant directors in charge of the respective divisions, and subject to appeal by them to the director of posts. Promotions of clerks in the Department and service would be regulated by the assistant directors in their respective divisions on the recommendation of their superintendents. The sections in this division would be as follows:

Section 1—Appointment of postmasters.
Section 2—Appointment of clerks in post-offices.
Section 3—Appointment of railway mail service clerks.
Section 4—Appointment of city free-delivery carriers.
Section 5—Appointment of rural free-delivery carriers.
Section 6—Appointment of clerks to the administrative divisions.
Section 7—Registrar of bonds.
Section 8—Voucher clerk.

Division IV. Finance.

This division would have supervision over the whole of the financial portion of the business so far as the same originates in or is controlled by the Depart-

ment in Washington. The division would not, however, in any way control disbursements by postmasters, but it would supply them with funds on properly authorized vouchers prepared by the division of post-offices and passed by the Comptroller and by the Auditor.

This division would keep all the accounts with the Treasurer and assistant treasurers of the United States and with national bank depositaries, and would arrange and supervise transfers of funds from one depositary to another in accordance with the needs of the service. It would also handle and be responsible for all miscellaneous receipts which reach the Department through the various divisions and as reported by depositaries, and would make all disbursements now made by the disbursing clerk of the Department under the appropriations for the Post-Office Department, which should in future be treated as appropriations for the Post-Office service.

The assistant director of finance would be responsible for signing all warrants for payments and would have authority to delegate this authority to certain representatives. It would be his duty to see that funds were always available in such sections of the country as might be necessary, and for that purpose he would from time to time have to draw upon the Treasury for deficiency grants in accordance with the present practice. He would also be charged with the purchase and sale of exchange for balances due to and by foreign countries, which exchange business is at present being conducted by the New York postmaster under the direction of the Third Assistant Postmaster-General, and would act as permanent secretary to the board of management. The work of this division would be divided into the following sections:

Section 1. Issue of warrants.
Section 2. Foreign exchange.
Section 3. Treasurers' and bank ledgers.
Section 4. Secretarial.
Section 5. Miscellaneous receipts.
Section 6. Voucher clerk.

Division V. Comptroller.

This division would perform the administrative duties and bookkeeping in connection with the accounts of the Post-Office Department and service. It would be divided into the following sections:

Section 1. Audit of postmasters' accounts.
Section 2. Payments of accounts by warrants.
Section 3. Audit of miscellaneous receipts.
Section 4. Voucher records.
Section 5. General accounting.
Section 6. Cost accounting.
Section 7. Statistics.
Section 8. Authorization and revision of forms.
Section 9. Appropriation editor.

It would be the duty of this division to keep the accounts of the Post-Office Department and service to supply periodically such information as is required to the other divisions, and to prepare and furnish to the director and to the Postmaster-General all financial statements which require to be presented to Congress.

The only accounting records of any sort which would be kept outside of this division are those relating to expenditures authorized under appropriations, which would be kept by the voucher clerk in each division. This clerk would also prepare vouchers for all payments initiated in the division and send the same to the Comptroller's division for administrative audit.

Division VI. Inspection.

The duties of this division would comprise those of the present division of the chief post-office inspector, and in addition the various inspection duties now carried on in the separate divisions of the service. It should also receive and investigate all complaints made by outside parties.

The division will be divided into sections corresponding to the nature of the subjects to be investigated, and there would be a voucher section as in other divisions.

The greater part of the duties of this division would be carried out by a force of traveling inspectors, as at present, but this force should be increased

to conform to the needs of the service, and the scheme of field offices be extended to conform to the system of district offices hereafter suggested.

Division VII. Purchasing agent.

This division would be under the supervision of the purchasing agent as at present, but that official should have a greater control than at present over the purchase of all the supplies for the Department and the service as outlined hereafter.

Division VIII. Supplies.

This division would be subdivided into the following sections transferred from existing bureaus and divisions:

Section 1. Issue of stamps and stamped paper.
Section 2. Redemption of stamps and stamped paper.
Section 3. Equipment, including repairs to mail bags and manufacture of and repairs to mail locks.
Section 4. Supply stores for Department and field supplies.
Section 5. Topography.
Section 6. Voucher clerk.

The present system of divisional mail-bag depots should be extended to conform to the proposed scheme of district offices, and at each such office should be established a general supply depot, as well as a force for repairing mail bags, mail locks, etc.

4. GENERAL PRINCIPLES OF ADMINISTRATION.

In concluding this summary of the suggested divisions, it is necessary to lay down a few general principles which should govern the conduct of the business by the assistant directors, in order that the greatest efficiency may be attained.

As far as possible the assistant directors should avoid the perfunctory signing of documents; they should have power and authority to depute to their superintendents, under certain limitations, authority to settle routine transactions and to sign all necessary documents relating thereto, and it should be distinctly understood that only important questions of principle and matters outside of routine work should be brought up for the official approval of the assistant director. A scheme of daily conferences as suggested is extremely helpful in such an organization, and it is found that a general discussion of the work of the preceding day will bring up all important matters that arise. At the same time, in order that the assistant director may retain entire control of his organization, he should at uncertain intervals call for the whole correspondence for the day of some particular section and study the same in order that he may be satisfied that his instructions are being properly carried out.

If these superintendents are to be in receipt of salaries commensurate with their duties it is surely not too much to ask that they be intrusted with the full responsibility for carrying out the work of their sections without overburdening the assistant director with routine details.

Assistant directors should lay down to begin with, in full detail, the method of operation for each section, but when this is once done and the organization properly perfected, the routine work should proceed automatically and leave him free to attend to matters of higher importance, such as new policies and the general service in his division.

5. THE AUDITOR.

The office of the Auditor for the Post-Office Department would remain as heretofore under the control of the Secretary of the Treasury, but would be relieved of its dual responsibilities to the Postmaster-General and of its present accounting work.

The audit work would be confined, in fact very largely, to the present duties of reviewing postmasters' accounts and reports for payment (although the latter would be replaced by vouchers), and to a direct verification and certification of duplicates of the books and records kept in the Comptroller's division. For the purpose of conducting his audit the Auditor should be supplied with duplicate originals of all documents of authority relating to payments made

or to be made. Our detailed recommendations on the Comptroller's division and the reorganization of the Auditor's office will be found in Sections VII, VIII, and IX.

(6) NONACCOUNTING OFFICES.

We have already referred to the system of nonaccounting offices which has been in force in Canada and England for many years, and we recommend that this system be adopted in the postal service. There were approximately 62,000 post-offices in the country on July 1, 1907, and of these 33,000 did a money-order business. The remainder, numbering 29,000, should be known as "nonaccounting offices," and would not be required to render any accounts.

A nonaccounting office should be supplied with a certain fixed quantity of stamps and stamped paper, approximately equivalent to one quarter's necessities, with the value of which it would be charged in the general books. All subsequent supplies of stamps and stamped paper would be obtained from designated accounting offices on a requisition from the nonaccounting office accompanied by a remittance in cash, or its equivalent, equal to the supplies required. Accounting offices when rendering their periodical statements would show their sales to the public and to nonaccounting offices separately. The bonds of these nonaccounting postmasters would be fixed with regard to the money value of their stamp stock, and their other responsibilities to the Department.

An inspection of the records of the proposed accounting offices shows that 6,000 of these issue less than one money order a day. The introduction of postal notes would probably result in considerably reducing the number of money-order offices, and it should be found possible to increase the number of nonaccounting offices by at least this number or to 35,000, thus reducing the accounting offices to 27,000, or 43 per cent of the total number of offices as compared with 25 per cent in Canada. If all money-order offices issuing not more than 500 orders a year be eliminated, the accounting offices would be still further reduced to 18,000 or 30 per cent of the total.

The control over nonaccounting offices under the imprest system is extremely simple, and the advantages and economy in account keeping and auditing for 27,000, or possibly 18,000, post-offices, instead of 62,000, is obvious, and should have considerable weight in arriving at definite conclusions.

The present method of paying salaries of postmasters at fourth-class offices on the basis of cancellation should be abolished, and instead they should receive a fixed salary for each year based upon the purchase of stamps and stamped paper for the preceding year, or for, say, the twelve months ending the preceding March 31, or, if practicable, on the population served. As a check upon the genuineness of purchases by these postmasters reference would be had to the weight of mails originating in their offices, statistics for which would be available under the general scheme for the continuous weighing of mails.

The following equivalents for cash would be accepted by the accounting offices:

1. Postmaster's quarterly salary voucher on fixed rates specified above.
2. Payments made by him for special delivery service, supported by signed vouchers by the recipients of the special delivery packages.
3. Vouchers for allowances made for special services authorized by the Post-Office Department, duly signed by the recipients.
4. Paid postal notes should they be adopted.

No other allowances should be made to nonaccounting offices.

It is further necessary that nonaccounting offices should not be permitted to make payments of any amounts whatever on behalf of the Department or service other than those comprised in items 2, 3, and 4, above; all payments that may be necessary for city or rural delivery service, railway mail service, etc., being made through the disbursing postmaster of the district to which the nonaccounting office is attached.

The miscellaneous receipts of nonaccounting offices would consist of—

1. Box rent, which should remain, as at present, a perquisite of the postmaster.
2. Excess collections over the departmental invoice value on the sale of stamped envelopes. This will be a very small item and should be treated as a perquisite of the postmaster.

On a deficiency in postage on foreign registered letters or registered parcels outward being discovered by the exchange office, postage-due stamps to the

amount of the shortage would be affixed to the letter or package and a charge note made out in triplicate against the forwarding office, the original being sent to that office, and if the charge note is not returned to the exchange office with stamps for the requisite amount after the laps of, say, one month, the exchange office would forward the duplicate of the charge note in the case of accounting offices to the controller's division, and in the case of nonaccounting offices to the postmaster from whom the nonaccounting office derives its supply of stamps, stamped paper, etc., with a request to send the charge note to the nonaccounting office in lieu of an equivalent amount of stamps with the next supply, which equivalent amount of stamps, together with the charge note, he will forward to the exchange office.

Postmasters of nonaccounting offices should be instructed to replenish their impressed stock just before the end of each fiscal year in order that all sales made by them may be reflected in the revenue for that year.

The establishment of nonaccounting offices would materially reduce the number of offices requiring frequent inspection and enable the force of inspectors to pay more frequent visits to the remainder. This in itself would conduce to greater efficiency.

7. DISTRICT OFFICES.

The principle of district or divisional offices is not a new one in the Postal Service. The division of railway mail service has 11 well-organized divisional offices, each under the charge of a superintendent, which control the field work in their respective districts. The division of the chief inspector has 15 such divisional headquarters. The division of equipment has 9 depots in various parts of the country handling the equipment in those districts, and there are also 8 agencies for the storage and issue of stamped paper.

In the post-office portion of the Service the principle of disbursing postmasters has been adopted, to whose office the postmasters in the surrounding territory remit their surplus funds, and by whom a large portion of the field payments are made.

The congestion of work in the Department suggests that this principle of district or divisional offices might, with great advantage to the Service, be extended in many directions.

It is, however, essential, in the designing of any such scheme, that the dividing lines of these districts should be on a geographical and business basis, and not on a State basis. It is generally admitted, and we can not too strongly emphasize the fact, that the greatest evil at the present time in the Postal Service is the political influence exerted, and while by the extension of the civil service rules to several of its branches improvements have been effected in this respect, much still remains to be done. To divide the field service by States must result in intensifying the political feature which in any scheme of reorganization should be eliminated as much as possible.

Unfortunately the scheme of disbursing postmasters is at present based on State lines, in that each of these offices acts as a disbursing office for the service in that State. It should be an easy matter to change these districts so as to follow geographical rather than political lines, with special regard to the accessibility of the controlled territory, its area, and the density of its population.

In the first instance it would be better to start with those points at which divisional offices are already established, and to add to the list the most important of the disbursing post-offices, arranging the territory which would report to these central offices so as to allot to each district an approximately equal number of tributary post-offices.

In Section VI—6 the number of accounting and nonaccounting offices is shown to approximate 27,000 and 35,000, respectively. If, say, 40 district offices were established each would control about 675 accounting offices and about 875 nonaccounting offices. These figures are only intended to give your Commission some idea of the proposition now made. The adoption of this plan would have to be preceded by a careful study of the boundary lines for each proposed district on the principles already laid down, as the time at our disposal has not permitted of its elaboration.

The organization of these district offices should be as follows:

The office would be in charge of a district director of post-offices, who would be responsible to the director of posts for the general administration of the district office. The other officers would be the district superintendent of railway mail service, the district superintendent of inspectors and district superintendent

of supplies, and each of these 4 officers would be in charge of their respective sections of the field work in the district. They should hold frequent meetings as a board for a general discussion of matters relating to the district, and over these meetings the district director would preside. The meeting would decide all questions relating entirely to that district, being guided in their decision by general rules laid down by the Department. In the event of a difference of opinion on any subject, it would be the duty of the district director on the request of any member of the board, to report the whole matter to the Department in Washington for consideration and decision. In their field work the district director and each of the district superintendents would be responsible primarily to the heads of their respective divisions in Washington, but would report to those divisions through the district director. This would relieve the Department at Washington of the vast mass of detail work at present carried on there, and leave it free to administer in the true sense of the word; that is, by laying down general principles and formulating general rules, to apply to the whole service but to be administered and enforced by the district offices; and to take up the consideration of such matters of policy or principle as the district boards should think necessary to refer to the Department.

The district director of post-offices would be particularly responsible to the assistant director of post-offices at Washington for the entire field administration of the post-offices in his district, would attend to all correspondence with them, answer all queries, distribute throughout the field instructions as to administrative methods, and rules as to the preparation of accounts, and all such other matters of detail as are, in the present system, attended to by the Department in Washington. He would also have authority, under rules and limitations made in Washington, to regulate the issue of supplies and the granting of allowances to the various postmasters in his district, and would generally act in all respects as the advisor to the Department in Washington on all matters relating thereto.

The district director of post-offices should endeavor to keep in personal touch with all the postmasters in his district. He should call them together at least once a year in convention to discuss matters of common interest and by this and other means induce them to take a greater personal interest in the service of their respective post-offices and in the increase of efficiency in the Service generally, than is to be found, as a rule, under the existing system.

The district superintendent of inspectors would have practically the same duties as under the present system. The inspectors' reports on any features concerning the administration of the district should be made, in the first instance, to the district superintendent of inspectors and by him immediately turned over to the district director of post-offices or to the superintendents of railway mail service or supplies in the case of matters under their immediate supervision. It should be clearly provided that the inspectors have no administrative duties, but only those of inquiry on the initiative of other divisions and of report to their divisions on any matters which they discover in the course of their inspection trips that seem to call for attention. The verification of postmasters' balances of stamps, stamped paper, and cash on hand should, as at present, be intrusted to the inspectors, who should, however, be required to visit each accounting office more frequently than is at present the case, which they would be enabled to do by reason of the reduction in the number of such offices following upon the introduction of nonaccounting post-offices.

The district superintendent of the railway mail service would perform the same duties as are at present carried out in the divisional offices, the only important change of principle being the new relations which would exist with the district director and the other district superintendents.

The district superintendent of supplies would have charge of all supplies for the use of the district including, as already provided in the case of the establishment of this division in Washington, stamps, stamped paper, and equipment. It is the present custom to allow postmasters to buy supplies locally. This leads to the purchase of small quantities in retail markets without any effective control. The creation of a supply division in each district would enable storerooms to be kept which would be replenished by the purchasing agent at Washington from time to time, and distributed by the district superintendent to the offices in the district as occasion required on instructions from the district director and without the delay now involved in the approval of these applications in Washington. Many of the supplies are at present sent out from Washington, causing much delay and considerable expense, and were they collected in supply stores centrally located in various parts of the

country, it would greatly facilitate their delivery and be the means of a considerable saving in transportation charges.

To complete this scheme it would seem that the whole of the accounting, so far as the accounts of postmasters are concerned, should be centralized in the district office where the accounts could be passed and summarized by a district comptroller. There would be no difficulty in working out such a scheme economically and to the great advantage of the service, if it was not for the existing inefficiency of the staff of the Auditor's office, to which we have already referred in previous sections of this report, and from whom the staff of the Comptroller must in the first instance be drawn. The carelessness shown in the audit of postmasters' accounts in Washington and the absence of any high standard of accounting renders it practically certain that any attempt to draft into the field representatives from that office to take charge of the accounting would only at the present time lead to confusion. This difficulty would doubtless be overcome as the Comptroller's department became more efficiently organized, and every effort should be made, if the proposed scheme is adopted, to extend the district system in the course of a few years to the Comptroller's division.

The district office would require each postmaster in the district to submit estimates of his requirements for the ensuing year which, after being reviewed by the district director, would be forwarded to Washington and form the basis of the final estimate submitted by the Postmaster-General to Congress. All appropriations would be administered from Washington as heretofore, but the Postmaster-General would make allotments for petty allowances in round sums to the district directors, who, in turn, would grant authorizations to the postmasters in their jurisdiction and at the same time notify the Comptroller and the Auditor thereof. This would obviate granting individual allowances to the postmasters in the field by the Department at Washington and also enable them to receive such allowances more quickly than at present.

There is no need here to discuss further the features of the system so far as they relate to remittances of funds, disbursing postmasters, division railway mail offices, or divisional inspection offices, for these services are all in working order very much on the lines here suggested, and only changes in boundaries of districts and the increase in their numbers would have to be considered.

The advantage which the service should derive from decentralization and divisional administrative offices at suitable points throughout the country would be a higher standard of administration of the post-offices throughout the country, maintained by a close touch between the district office and the individual offices such as it is now impossible to maintain between Washington and 62,000, or, eliminating the proposed nonaccounting offices, 27,000 post-offices scattered over a wide area. The service is growing rapidly; the Department in Washington is getting daily into a more congested condition: the amount of clerical routine work which is thrown on the bureau heads and to a great extent on the division heads responsible to them, is so great that they have little or no time left to give to administrative matters, and if some scheme is not shortly devised and put into force for relieving this congestion, the service must suffer.

In concluding this recommendation it is desirable to put on record that the appointments in these district offices should be made by promoting the most efficient men from the ranks, and should be entirely free in every way from political or other outside influences. From the little which we have seen of the field force there can be no doubt that there is plenty of efficient material to draw from, and if promotion by merit is adopted and all considerations other than ability and good service are eliminated, a supply of capable district officers will be assured.

8. MERGING OF MONEY-ORDER AND POSTAL ACCOUNTS.

We recommend that the postal and money-order accounts of postmasters which are at present rendered separately should be merged into one account and that the separation in the field of the moneys of these two branches of the service should be discontinued. The consolidated account should be rendered by post-offices of the first, second, and third class on the 10th, 20th, and last day of each month instead of quarterly for postal accounts, and weekly or monthly for the money-order accounts, as is at present the case. Those of fourth class accounting offices should be rendered monthly instead of quarterly in the

Postal Service, and monthly in the Money Order Service, as at present. Under the existing system there are received in the course of a year from 62,000 post-offices, approximately 1,000,000 postal and money-order accounts. Under the proposed system, with the adoption of the principle of nonaccounting offices, this would be reduced to 500,000 and the postal account would be audited at least two months earlier than under the present system, while the money-order account would be audited, except for outstanding orders, about nine months earlier than at present. The advantage of a much closer audit of these accounts hardly requires to be demonstrated. In addition to the time and labor saved in the general audit, the work of agreeing transfers of deposits, etc., between offices would be very materially reduced by the elimination of transfers between funds and a reduction in the number of deposits.

In auditing postmasters' balances in the field there would only be one balance to inspect and verify instead of, as at present, two, each of them subject to outstanding drafts which often can not be verified at all, and with the possibility of substitution between the two. In both Canada and Great Britain we find that this consolidation of accounts has been in force for many years; and that in Great Britain daily, and in Canada daily or weekly statements, according to the size of the office, are rendered by postmasters. In Great Britain, too, it may be noted that telegraph and savings bank statements are also consolidated with the postal and money order accounts. The principle that an officer responsible for moneys should render one account of all his transactions, is too generally recognized to require any further argument.

On July 1, 1907, there were approximately 4,300 stations attached to the more important post-offices and issuing money orders. The practice is for these stations to render statements of the money-order transactions to their respective main offices for transmission to Washington, although on the books in Washington the money-order accounts of stations are kept separately from those of the main offices. Under the plan of merging the postal and money order accounts it would be necessary for the totals of these statements of stations to be incorporated in the cash accounts of the main offices in a manner somewhat similar to that in which the postal transactions of stations are at present merged in the postal accounts of main offices.

9. APPOINTMENTS, PROMOTIONS AND RETIREMENTS.

We recommend that in future appointments to all ranks of the postal department and service below that of Postmasters-General, be made on considerations of merit alone, and that in filling the higher positions, preference be given to those who have worked their way up through the service and have shown their fitness therefor by their ability, energy, and industry.

It would be advantageous also if some scheme were devised by which many of the older employees who are retained at present for purely humanitarian reasons and the value of whose services is infinitesimal would be retired.

10. LIABILITY FOR APPROPRIATIONS.

We recommend that the liability for keeping within the appropriations made by Congress be limited to—

(*a*) Those who authorize the expenditures thereunder.

(*b*) The Comptroller of the Post-Office who, under the plan proposed by us, would audit these expenditures in behalf of the Post-Office.

(*c*) The Auditor for the Post-Office Department who certifies to those expenditures on behalf of the Treasury.

It seems to be entirely unnecessary, and undoubtedly hampers the service, that other officials who are charged with the duties incidental to the expenditure of moneys, such as the purchase of supplies on a requisition of the administrative head, and the drawing of warrants for payment of liabilities incurred, should be held responsible for any excess of expenditures over appropriations; and that in providing for a triple responsibility, such as that suggested above, the Department is doing all that can be considered reasonably necessary either from a business or a Government point of view.

It is quite possible that the liability is not under the present law as widely distributed as is believed in the Department, but until definite legislation limiting the responsibility in service free from ambiguity is secured it is only natural that officials should err on the side of caution and protect themselves

by keeping records which, from the point of view of the service, are perfectly useless.

The responsibilities proposed to be placed upon the heads of divisions would require that there should be kept in each division a record of expenditures authorized against appropriations, but it should not be necessary, as is apparently generally the case, that the divisions should also keep a record of actual expenses against appropriations. They should be authorized to accept statements of the actual condition of each appropriation as furnished to them by the Comptroller of the Post-Office. On the other hand, the Comptroller should be required to supply periodically to the heads of each division all necessary information to enable him to comply with the requirements of the law.

The record of authorized expenditures against appropriations would be kept in each division by the voucher clerk, who also would prepare proper vouchers for all expenditures that have been so authorized and incurred, which vouchers, after being certified to by the duly authorized officer in each division, would be forwarded to the Comptroller of the Post-Office. The latter official would be responsible for seeing that the balance of the appropriation was sufficient to meet the expenditures, or for over expenditures resulting from incorrect certifications to heads of divisions.

11. THE TRUE REVENUE AND EXPENSE OF THE SERVICE.

We recommend that the following expenditures, at present excluded from the cost of the postal service, be included therein and form a part thereof:

(*a*) Those under the Post-Office Department appropriation.

(*b*) Those under the appropriation for printing and binding, at present in favor of the Government Printing Office.

(*c*) That for the salary of the Assistant Attorney-General, at present charged to the Department of Justice.

(*d*) That for the transportation of mails over Pacific railroads.

(*e*) Those of the office of the Auditor for the Post-Office Department, at present included in the Treasury appropriation.

All the above expenses are a necessary part of the business which the Post-Office is carrying on, and if properly and economically managed it should be expected that the revenue received from the public should be sufficient to at lease meet these charges.

On the other hand, the Post-Office should receive credit either by appropriations or in some other way to be determined upon for the following services which it at present performs for other Government Departments without compensation:

(*a*) Amounts paid for foreign mail transportation in excess of the value of the service rendered.

(*b*) Postage on penalty matter carried for other Government Departments.

(*c*) Postage on franked matter carried for Congress; and

(*d*) Postage on any other free matter authorized by special acts of Congress for purposes not connected with the Postal Service.

The arguments for the inclusion of all the above items in the expenses and revenues of the service are fully set forth in Section II.

12. STANDARDS OF COMPARISON AND EFFICIENCY.

One of the great defects throughout the Service is the absence of any standard of comparison by which the efficiency of different divisions and services and of the employees therein can be satisfactorily gauged. In some divisions partial records at present exist showing the work done in each day or period by individuals. These records should be extended to all divisions, and summaries should be prepared periodically and submitted to the assistant directors for consideration and should be taken into account in determining promotion or reduction in grade.

So far as the field is concerned, the establishment of district offices would form a good basis for comparison, in which the different offices in each district would be grouped according to their relative sizes, and could be compared one with another as to revenues collected and expenses incurred in proportion to population served and mail handled. These same methods could be applied to compare districts one with another, and in the information as to efficiency so obtained will lie one of the great advantages of a proper accounting and cost system.

Proper efficiency records, accounting returns, reports, and other comparisons, should be one of the means of enabling the executive in Washington to keep in touch with, and exercise control over, the work at district offices and in the field.

13. USE OF LABOR-SAVING DEVICES AND MACHINES.

There is a lamentable lack of labor-saving devices practically throughout the whole Department and service. Even for such an elementary machine as a typewriter, we are informed that there are hundreds of applications on file which the Department has been quite unable to fill. Of the more valuable classes of machines, such as arithmometers, book-typewriters, and calculating machines, there are few in use, and even in the field post-offices such scales as are provided for the special weighing of mails now in progress are of a very inferior grade, and from the information we have gathered it would appear that with few exceptions there are no mechanical conveying devices in any office for expeditiously handling and weighing the mails.

To accomplish the result which your commission desire, namely, the installation of a system under which the cost of the service may be ascertained, it is absolutely essential that mechanical devices of all kinds be freely adopted, and there can be little or no doubt that such supplies intelligently distributed and used will in the long run increase efficiency, decrease cost, and probably increase the revenue of the postal service.

We would recommend that a special study be made of the methods in force in the best equipped offices, of which Chicago appears to be one, with a view to their general adoption in other large offices.

14. GENERAL FILING SYSTEM.

Under the present organization each separate division appears to have its own filing system, and the filing is conducted in no uniform method, but according to the particular ideas of the officials in charge thereof. The rules as to the length of time for which files must be preserved vary in each division. In some cases it is determined by Congress, in others by order of the Postmaster-General, and in still others by the division chiefs. While we have not examined this feature exhaustively we have, however, seen sufficient of it to recommend that the matter should be given further consideration with a view to the establishment of centrally situated filing rooms, in which all papers and documents of the service will be located for reference after they have served their primary purpose and have been disposed of for the time being in the divisions and sections interested. There seems also to be a great want of any proper filing cabinets, such as are now constructed in such large quantities for commercial firms, and a careful study of the methods in use in business circles would, we are satisfied, result in a considerable economy in the supplies used for these purposes.

In view of the limited space available in the Post-Office Department building, it would seem that the laws covering the preservation of the papers, documents, etc., should be amended so as to shorten the number of years that such papers are required to be preserved.

15. POSTAL NOTES.

Many suggestions have been made within recent years looking to the introduction of postal notes or postal orders for use in remitting sums not exceeding $5, but so far Congress has not passed the necessary legislation. It appears that prior to July 1, 1894, postal notes were issued, but this practice was discontinued by the act of Congress of January 27, 1894, on the ground, as stated in the report of the Postmaster-General for the year 1895, that the fee for money orders was reduced and that the postal notes, being payable to bearer, lacked the element of security afforded by the money order. As evidence of the demand which would probably exist for a much simpler form of remitting money than the money order at present in use, the following figures, extracted from the report of the postmaster-general of the English post-office, will be interesting, but it should be remembered that in England there is no unit of paper currency of a less amount than £5 ($25).

In England postal orders are issued in 41 different denominations, commencing with 6 pence (12½ cents) and increasing by 6 pences up to 20 shillings ($5)

and 21 shillings ($5.25), the intermediate amounts being arrived at by ordinary postage stamps affixed to the face of the order. During the year ending March 31, 1906, the total number of domestic money orders issued was 10,758,785, while the total number of postal orders issued was 96,070,000, so that it would appear that the proportion of money orders issued was a little more than 10 per cent of the total of both money and postal orders. The growth of the postal-order business is shown by figures given in the same report, from which it appears that the total domestic money orders issued showed the slight increase in ten years from 9,314,022 to 10,758,785, while in the same period the postal orders issued increased from 67,040,000 to 96,070,000. In the same ten years, according to the reports of the Third Assistant Postmaster-General, the money orders issued in the United States increased from 24,000,000 to 58,000,000. The issue of a money order involves an amount of writing by the postmaster which of necessity takes time; the advice has to be mailed to the paying office and there checked with the order when presented for payment; these advices have to be sorted in order to be readily available; paid orders and advices also have to be sorted, and thereafter, in the bureau of the Auditor for the Post-Office Department, the paid orders are again sorted and resorted in order to check the accounts of the issuing postmasters.

On the other hand, the distribution to postmasters of postal orders and the issue by them can be automatically checked in the same manner as the issue of postage stamps should be checked; the issuing postmaster has no writing to do except, possibly, to sign his name; the paying postmaster would not be required to match the order with an advice; and, finally, a very large proportion of the work relating to money orders in the department of the Auditor for the Post-Office Department would be eliminated. There can, therefore, be little doubt that a considerable saving would be effected by the introduction of postal notes or orders somewhat on the English or Canadian plan, quite apart from the additional convenience to the general public. The experience of the English post-office would seem to show that if the limit were made sufficiently high, say $10, as in Canada, these postal orders would probably quickly displace the present money orders for all small remittances; and the labor involved in checking the latter would be materially diminished and could probably be still further reduced by the introduction of mechanical methods.

We have referred, under the heading "Nonaccounting offices," to a reduction in the number of accounting offices which would be effected by the introduction of postal notes; the money-order privileges should be withdrawn from all offices issuing less than 500 orders per annum, and inasmuch as the reduction of the number of accounting offices forms one of the main features of our system the adoption of postal notes and the consequent still further reduction in money orders must be considered an important part of these suggestions.

16. CLASSIFICATION.

The present classification of mail would seem to be unnecessarily cumbersome and complicated and a source of difficulty not only to the post-office but to the general public, as will appear from the following list:

(1) First-class letters, 2 cents per ounce.
(2) First-class postal cards, 1 cent each.
(3) First-class drop letters, 1 cent per ounce.
(4) Second-class publishers', 1 cent per pound.
(5) Second-class publishers', free in county.
(6) Second-class local delivery, 1 cent per copy.
(7) Second-class local delivery, 2 cents per copy.
(8) Second-class transient, including Canadian, 1 cent per 4 ounces.
(9) Third class, including circulars which receive first-class treatment, 1 cent per 2 ounces up to 4 pounds.
(10) Fourth class, 1 cent per ounce and 1 cent per 2 ounces up to 4 pounds.
(11) Franked, free.
(12) Penalty, free.
(13) Registered, 8 cents each in addition to postage.
(14) Special delivery, 10 cents each in addition to postage.
(15) Foreign letters, 5 cents per ounce after October 1, 1907.
(16) Foreign postal cards, single and double.
(17) Foreign newspapers and prints, 1 cent per 2 ounces.
(18) Foreign commercial papers, 1 cent per 2 ounces, with a minimum of 5 cents.

(19) Foreign samples, 1 cent per 2 ounces, with a minimum of 2 cents.
(20) Foreign parcel-post, various rates.

Having regard to the variations enumerated above, we would recommend that the question of classification receive serious consideration with a view to the simplification thereof and a considerable reduction in the number of classes. The consolidation of the third and fourth classes recommended in every annual report of the Post-Office Department since 1902 would be an important step in the right direction, and is very generally advocated by postmasters in letters received from them in answer to our inquiries as to the special weighing.

17. PREPARATION OF JOURNAL ORDER SHEETS.

The present method of preparing journal order sheets appears in the main to work satisfactorily, except that in many cases these sheets, which are summarized from the individual orders, require for the purposes of the audit of postmasters' accounts to be dissected in practically the same form as the orders were prepared in the administrative divisions in the first place.

Orders are issued for authorizations under appropriations as follows: Firstly, for payments by postmasters; secondly, payments by warrants; and thirdly, for promotions, reductions in grade, or changes in salaries payable to employees, alterations of contracts for the transportation of mails, etc.

Orders for payment by postmasters should be made out in quadruplicate and numbered consecutively. The ribbon copy of the individual order should be signed by the authorized representative of the division and should be sent to the postmaster authorized to make the disbursement. The other three copies should not be signed by the division, as the signature to the journal order sheet would seem to be sufficient.

Orders other than those for payments by postmasters should be prepared with a sufficient number of carbons that each division affected would have a copy, and the practice now prevalent under which each division prepares its own individual orders from the journal order sheets should be discontinued.

These orders should be summarized on journal order sheets which should be made out in triplicate, one copy to be retained by the division, the second copy, together with a copy of each individual order appearing on the journal sheet, to be sent to the Comptroller, and the third copy, together with the fourth copy of the individual orders, to be sent to the Auditor. This would enable both the Comptroller and the Auditor to see that authorizations had been issued for all disbursements taken credit for by postmasters in the field, and that all orders had been reported on the journal sheets.

It would not seem that journal order sheets need be compiled for payments by warrant not recurring regularly, nor that the Comptroller or the Auditor would require any notification prior to the voucher.

Journal order sheets should be prepared for authorizations in connection with changes of salaries or contracts in triplicate, one copy to be retained in the division, the second copy sent to the Comptroller in order that he may make the necessary alterations in his contract registers, and the third copy to the Auditor that he may do likewise.

Both the Auditor and the Comptroller, upon receipt of the journal order sheets, should compare the individual orders received therewith, after which the individual orders would be sorted according to the postmasters to whom the authorizations had been issued in order that the audit clerks would have all the authorizations pertaining to one postmaster's account before them when auditing his cash account.

The journal order sheet which is retained by the division issuing the orders would be sent to the voucher and appropriation clerk in order that he may charge said authorizations to their respective appropriation accounts in the books kept by him.

18. DIVISIONAL RECORDS OF APPROPRIATIONS.

In addition to the appropriation records which will be required in the Comptroller's and the Auditor's offices to show the expenditures made on account of each individual appropriation, it will be necessary for records to be kept in each division of all appropriations for which it is responsible, in which the expenditures will be charged against appropriations as they are authorized instead of as they are made, as otherwise the officers who are responsible for overexpenditures of appropriations would have no means of determining whether

the authorities issued were or were not in excess of the amounts appropriated. For the protection of these officers it would be desirable that the records kept in their divisions should be checked periodically with those in the Comptroller's department, not necessarily for the purpose of obtaining an exact agreement, but to insure that no expenditures have been omitted from the divisional records or amounts understated therein. Such divisional records are at present kept, but the forms vary considerably, and we have not yet had an opportunity of studying each form sufficiently to determine as to their relative merits and to formulate recommendations as to the forms to be adopted in the future.

From a theoretical standpoint it would be desirable that the expenditures shown by the divisional records should be exactly reconciled with those made according to the Comptroller's books, and any amounts not expended adjusted in the former record, so that the divisional records would show the total actually expended on authorities exercised plus the amount authorized and not expended, and would thus show the true balance available for appropriation. The practical difficulties of such a method would more than outweigh the advantages and we do not therefore recommend it for general adoption. It would of course always be possible to make such a reconciliation and adjustment in respect of any appropriations on which the expenditures desired to be made might slightly exceed the apparent balance available.

SECTION VII.—SUGGESTIONS ON GENERAL ACCOUNTING.

1. CONSTITUTION AND DUTIES OF COMPTROLLER'S OFFICE.

The Comptroller's office should be established by transferring thereto from the Auditor's office the whole of the bookkeeping division and the pay clerks from the pay division and practically the whole of the divisions relating to the audit and keeping of money-order accounts.

The more important functions of the Comptroller's office would be as follows:

Audit of postmasters' accounts.

Accounts rendered by postmasters would be received in the Comptroller's office and after administrative audit would be spread on postmasters' ledgers. The accounts would then be forwarded to the Auditor's office for review, after which they would be returned to the Comptroller's office and filed.

Audit of payments by warrant and keeping of voucher records.

The vouchers for payment by warrant would, as outlined hereafter, originate in the executive divisions and be passed in duplicate to the Comptroller's office, where they would be subjected to administrative audit and spread on voucher records. After signature of the warrant portion thereof by the Comptroller, the original and duplicate vouchers with supporting data would be turned over to the Auditor, who would retain the duplicate and return, after signing the warrant, the original, with supporting data, to the Comptroller's files.

Appropriation and expenditure ledgers.

These ledgers are required to be kept, for the purpose of assembling all expenditures made under appropriations, so that the exact status of the appropriations may be determined and the Comptroller able to see that amounts are not expended in excess of the appropriation. Information from these ledgers should be supplied to the heads of the administrative divisions as required.

Cost accounting.

A section of the Comptroller's office would be devoted to the tabulation of weights, time records, and other units of cost, and the distribution of various expenditures according to the several kinds of service rendered to the public and the several classes of mail matter handled, as fully explained in Section VIII *hereof.*

Statistics.

Statistics should be prepared and submitted to the heads of divisions for administrative purposes. Certain kinds of statistics, that is to say, those which relate to continuous operation of the service, would be prepared regularly, but further statistics as to special features of the service should also be prepared as required by the administrative heads.

Forms.

This portion of the Comptroller's office would be devoted to standardizing forms at present in use, and passing upon all new forms to be introduced. Complete files should be kept of all forms used throughout the Department and service. Suggestions from postmasters and others in the field should be considered in this section, with a view to introducing them if desirable in other offices and other branches of the service.

Appropriation editor.

Estimates for appropriations should be carefully reviewed and consultations had with administrative heads and the Committee on Post-Office and Post-Roads, with a view to having the framework of appropriation bills settled so as to harmonize with the administrative requirements of the service and maintained on similar lines from year to year, and thus avoid extra bookkeeping which results from the slight variations in wording in drawing up these bills.

General bookkeeping.

The financial books of the service should be kept in the Comptroller's office and statements prepared monthly therefrom, showing the results of operation and financial condition thereof.

2. RELATION OF COMPTROLLER'S DIVISION TO OTHER DIVISIONS AND AUDITOR.

The Comptroller's division would make an administrative audit of the payments by warrant. The division of finance would accept vouchers bearing the signatures of the Comptroller and Auditor as correct and be free from all responsibility as to the propriety of payments and sufficiency of appropriations in respect of vouchers so approved. The files in the Comptroller's office relating thereto would, however, always be accessible to the division of finance. The division of finance would keep records relating to the moneys handled and furnish carbon copies thereof for posting to the Comptroller's office, which would further have access to the records kept in the division of finance. Many of the sources of entry for the records in the Comptroller's office and the cash books in the division of finance would be common to both of these offices, and the work should be so arranged that such sources of entry might be used by both without detriment to the work of either. This comment relates chiefly to transcripts received from the Treasurer and assistant treasurers and national banks, and the data relating to the purchase and sale of foreign exchange.

The relation of the Comptroller's office to the Auditor would be that the former would make the administrative audit of all postal and money order transactions and be the official account keeper of the Department, and be responsible to the director of posts, whereas the Auditor would simply review the transactions of the postal and money order service after administrative audit and would, as heretofore, remain under the control of the Secretary of the Treasury. He would be in no wise responsible to the Postmaster General. The Auditor would, as heretofore, be charged, as well as the Comptroller, with the duty of seeing that expenditures are kept within the amount appropriated by Congress, and for this purpose he should be supplied with duplicate originals of all documents of authority relating to payments made or to be made. He would have the right of access to, and audit of, all the accounts of the Comptroller's Division.

The Comptroller, as the general accounting officer of the Department, would furnish to the assistant directors such reports, accounts, statistics, and other information relating to their respective divisions as might be necessary or

valuable for administrative purposes, and also such information in regard to other divisions in the service generally as might be ordered by the director of posts.

This division would only act on vouchers bearing the previous approval of the assistant director of the originating division.

The executive divisions would still continue to keep records of the authorizations for expenditures asked from day to day, over which the Comptroller's office would exercise no supervision.

3. GENERAL ACCOUNTING SYSTEM.

As will be gathered from our comments in Section III on the accounting system and methods now employed in the office of the Auditor, we have to recommend practically a new system of general books and records and control over subsidiary accounts. The description of the exact methods proposed involves a large amount of detail of a purely technical character which would not be of general interest and has, therefore, been embodied in an Exhibit (No. 7a). At the same time, in view of the paramount importance of the subject, and the fact that it lies particularly within our province, it may be desirable to explain in this report some of the principal objects sought and the general character of the methods by which they are proposed to be achieved.

The plan outlined in the exhibit is based on the assumption that the recommendations made in other parts of this report affecting the accounting will be adopted, and particularly (1) that the postal and money order accounts and funds of postmasters will be consolidated; (2) that a class of post-offices to be known as nonaccounting offices will be established which will, briefly, include such of the fourth-class offices as do not carry on a money-order business; and (3) that the expenses incidental to the postal service now paid by other departments will be paid out of appropriations made for the Department, and that, on the other hand, the Department will get credit for the services rendered or expenses incurred by it on behalf of other branches of the Government service.

The system is proposed to be a complete double-entry bookkeeping system in which all the appropriations, revenues and expenditures will be brought into account and also the ascertained liabilities and assets of the Department, such as outstanding money orders, postmasters' balances, Treasury and bank balances, etc.

It also contemplates a controlling account for each subsidiary record, the agreement of the balances shown by these controlling accounts with detailed records supplementing, or in some instances superseding, the present check of the individual transactions reflected in the detailed records. The greater value of a check obtained by balancing two sets of figures derived from entirely different sources by different clerks as compared with a visual check, the value of which is dependent on accuracy and thoroughness on the part of every single checker, is obvious. In this connection there is one feature of the proposed system to which it may seem desirable to refer here, namely, the establishment of a number of "clearance accounts" which may, at first sight, appear to involve additional complications in the system, but which will, we believe, in practice greatly facilitate the accounting. The underlying idea will be best made clear by taking an illustration such as the deposits of postmasters with their depositaries.

In Section III attention is called to the fact that the credits to postmasters are made from their summaries and the charges to depositaries from their statements, both entries being, under the present system, necessarily one-sided. Whilst, therefore, the individual certificates of deposit are checked both with the individual postmasters' summaries and with the individual depositaries' statements there is no proof that the totals charged to depositaries agree with the totals credited to postmasters. Under the proposed system the credit to postmasters would still be made from the summaries, but the double entry character of the record would be completed by a charge to a certificate of deposit clearance account. Similarly the depositaries would be charged from their statements and credit made at the same time to the clearance account. Supposing all deposits to have been reported both by the depositaries and by the postmasters at a given date, the clearance account would necessarily balance, and at any time if a balance remains on the clearance account, it must represent deposits which have not been reported by either one or the other of the parties or deposits which have not been posted to one or the other of the accounts. A comparison with a detailed statement of outstanding

would at once show whether the balance shown was correct or whether it has arisen in part from bookkeeping errors or omissions. It will be seen from this description that the clearance accounts form a key to the system of control by totals, and not only should the balances on these accounts be proved at frequent intervals by detailed statements, but the entries therein and the constitutions of the balances should at all times be carefully watched by the Comptroller and scrutinized by the Auditor in his periodical audit.

To render this system more effective, this control will necessarily be sectionalized, and it is proposed that the necessary subdivision should follow the lines of division into sections recommended for other features of the service. Incidentally, the necessity of agreeing accounts would bring to light inefficiency on the part of clerks in charge of different sections of the work.

Another important feature of the proposed plan is the change in treatment of stamps and stamped paper. In view of their valuable character, we think it essential that control over all stamps and stamped paper should form a part of the general accounting system from the time they are manufactured. It is proposed that the face value of all stamps and stamped paper should be reported to the Comptroller's office as manufactured and immediately charged to stock accounts and that from this time the face value should stand charged to one account or another, as the responsibility is transferred, until the value is collected from the postmasters or credited by proper authority on account of loss, destruction by fire, or similar cause. In this way any attempt to perpetrate and conceal different kinds of fraud which might now be possible by collusion would involve collusion in the accounting department in addition to those who would now have to act in concert, and the chances of such frauds occuring would be accordingly reduced. The system also contains suggestions as to the verification of the quantities of stamps and stamped paper manufactured.

Recommendations in detail will also be found therein as to the recording on the general books of collections by inspectors, deposits in special account No. 5, and deposits made with postmasters, and instituting a check thereon. In the case of deposits with postmasters the Government is at least in some cases liable to the depositor, and it is therefore proposed to require the postmasters to take up all such deposits in their current accounts and to keep on the general books of the Department a controlling account which will be supported by a detailed statement according to postmasters, this statement being from time to time verified by requiring detailed lists from the postmasters themselves. We would also call particular attention to the plan outlined for agreeing money orders in total and reflecting on the general books at all times the actual liability outstanding. The possibility of using the Hollerith tabulating machine in connection with this work is dealt with in another section.

It may be pointed out that at any date at which the new books might be opened the assets and liabilities should offset one another as all losses and profits have hitherto been closed into the account of the Treasury of the United States. Inasmuch, however, as the accounts have been running continuously for over one hundred years on a system that has never been self-balancing, it is probable that a difference would be found to exist which should be closed into a "balance account," to which should be charged and credited thereafter any assets and liabilities of the prior period which might be subsequently disclosed.

4. PREPARATION AND PASSING OF VOUCHERS FOR EXPENDITURES.

Vouchers should be prepared for all payments in triplicate, the signed ribbon copy and the first carbon being sent to the Comptroller's division with the supporting data and the second carbon being retained. An administrative audit of these expenditures should be made in the Comptroller's division and the warrant portion signed by the Comptroller, after which the vouchers should be spread on voucher records, and the ribbon copy and the carbon, together with the supporting data, sent to the Auditor's office for the Treasury audit. The voucher records would be prepared in duplicate on book typewriters, copy thereof going to the Auditor. After audit the Auditor would file the carbon copy of the voucher and return the original, together with the supporting data, to the Comptroller, and sign the warrant portion, referred to later, and send it to the division of finance. The ribbon copy of the voucher would have a warrant attached thereto partly separated by perforations and when completed would bear the signatures of the Comptroller, Auditor for the Post-Office De-

partment, and the division of finance, or their authorized representatives; these three signatures being necessary to the validity of the warrant. List of all vouchers passed should be prepared in quadruplicate in the originating divisions, one going to the Comptroller's office, one to the Auditor's office, one to the division of finance, and the fourth being retained in the originating divisions as a permanent record of all vouchers prepared. The copies sent to the Comptroller and Auditor would enable those officials to ascertain that all vouchers prepared had in due course reached their offices. The copy for the finance division would serve the same general purpose, but in order that the originating divisions might have the means of knowing that the vouchers had been finally signed and mailed by the division of finance, the latter's copy of the list should be stamped with the date of payment and returned to the originating division, and there filed as a permanent record. In the case of the division of transportation, it would be the medium for posting the payments, or at least the dates of payments, to the accounts with individuals and companies for transportation of mails. The method of preparing vouchers in the several divisions would be substantially the same, although there would be minor points of difference, both in the method and in the form of voucher, according to the nature of the service or expense, and it may perhaps be well to explain how the vouchers would be prepared in respect of the more important classes of payment, which are "Supplies," "Transportation of mails," "Salaries of the Post-Office Department," and "Inspectors' salaries and expenses."

Requisitions for supplies should be prepared in the supply division and sent to the purchasing agent. Orders upon the suppliers should be made by the latter in quadruplicate, the first copy going to the supplier, the second to the supply division, the third to the Comptroller's division, and the fourth being retained in the purchasing agent's office. Upon receipt of the goods, the receiving clerk of the supply division should issue a certificate of receipts in quadruplicate, the first copy going to the Comptroller's division, the second to the purchasing agent, the third to the main office of the supply division, and the fourth being retained by the receiving clerk. This certificate would contain a blank form for signature by the inspection committee and would be retained by the receiving clerk until it had been so signed. This procedure would also apply in regard to supplies sent direct to the district offices where, as suggested elsewhere, there would be inspection committees and representatives of the supply division. The bills, as received from the suppliers, would be turned over to the supply division, where they would be verified from the order, the certificate from the receiving clerk and certificate of the inspection committee, after which the regular divisional voucher would be prepared in triplicate, a carbon copy being retained and the other two being sent to the Comptroller's division, where the copy of the order and of the receiving clerk's certificate would be attached to the ribbon copy of the voucher, and both copies thereof would then be sent to the Auditor's office and dealt with as previously explained. The purchasing agent's order number should be entered on the receiving clerk's certificates as well as on the divisional voucher in order that the various certificates may be assembled in the files in the Comptroller's division and readily abstracted on receipt of the voucher from the division.

Vouchers for payments for transportation of mails would be prepared in the division of transportation, and should be arranged to show, firstly, the established amount of compensation for the route; secondly, fines and deductions for failures, etc.; thirdly, remissions of fines; and fourthly, the net amount due to the contractor. Payments for several routes on the same railroad should be made on one voucher where practicable. The established amount of compensation would be determined from the route books, and the amount of fines and deductions would be based on the affidavits sent in by railroads, or on postmasters' certificates in the case of other classes of transportation. The compensation would be verified in the Comptroller's division from the route books there, and the fines and deductions from the affidavits and postmasters' certificates, which should be forwarded with the vouchers from the transportation division. After the administrative audit in the Comptroller's division, the vouchers, together with the supporting data, would be sent to the Auditor's office, as already stated.

The pay rolls for Department salaries would be prepared in the executive divisions and signed by the heads thereof. They would then be sent to the division of appointments for approval and preparation of the divisional voucher; this voucher should be prepared in triplicate, one copy to be retained in the division and the other two copies, together with the roll, to be sent to the Comptroller's office for administrative audit, after which the vouchers and rolls

would be turned over to the Auditor's office. The voucher warrant and the rolls would then be sent to the division of finance and the actual payments of the salaries would be made by the disbursing clerk in that division. The appointment clerk should be supplied daily with a list of the employees absent or late, etc., from which the rolls could be verified.

The salaries and expenses of inspectors in the field would be paid by warrant. After the close of each month the pay roll should be prepared in the division of inspection and forwarded to the division of appointments for approval, after which it would follow the same general course as outlined for other salaries. These payments would have to be made before the reports could be received from the field showing that the service has been performed. At the end of each month the inspectors should send their time and expense sheets direct to the district offices, where they would be approved by the district superintendent of inspection and forwarded to Washington. Vouchers for the inspectors' personal expenses should be prepared in the division of inspection, and if there are any deductions of salary on account of absences without leave or otherwise, these should be deducted from the expense voucher, the full monthly salary having previously been paid.

5. MONEY ORDER ACCOUNTING AND AUDIT.

Under the scheme outlined, by which the postal and money order accounts of postmasters would be merged, the totals of the money orders issued and paid and of the fees received thereon would be entered in the periodical accounts which would be rendered by postmasters of the first, second and third class on the 10th, 20th, and last day of the month, and by postmasters of the fourth class on the last day of the month. These totals would be supported, in case of orders issued, by lists in practically the same form as at present, giving the date of issue, number of order, office of payment, amount of order and amount of fee; and in the case of orders paid, the number and amount of the order, and on the top of each list the date of payment and a file number, commencing with a separate series of numbers for each day; the paid orders being attached to their respective lists. To facilitate the checking work in case of some large offices, these slips with the orders attached, would be sent into Washington daily.

When the statements of orders are received in Washington under the present methods, they are subjected to a laborious and complicated system of checking and audit, necessitating the employment of some five hundred people and occupying nearly twelve months' time.

Being familiar with a mechanical sorting and tabulating method, which is being successfully employed in numbers of commercial concerns for work of similar character, it occurred to us to investigate the possibility of adapting it to the audit of the money order accounts, and thereby not only much reducing the work and obtaining quicker results, but also proving up the outstanding orders, which has never been done since the system was established in 1865. Our experience with the system has been that wherever installed it has lessened the cost of the clerical work previously required to accomplish similar results, and has made it possible to obtain more rapid results and additional statistics.

This mechanical method requires the recording of any information which it is desired to tabulate on specially prepared cards by means of key punches operated much as a typewriter is operated, all information being first translated into numbers which are used as symbols. For instance, as applied to the money-order business, the information required is year, month and day of issue and payment of order, amount and fee; all of which would be expressed in figures without the necessity of using any code. In addition thereto, it would be necessary to give all post-offices numbers, which numbers would be printed on the money order form on a line with the name of each office. When the above information is recorded on the cards and proved, the cards become for all practical purposes the money orders themselves and take their place through the subsequent operations. The cards would then be passed through a tabulating machine actuated by electrical contact through the holes in the cards, and the totals so obtained compared with the totals shown on the postmasters' paid statements. After being proved, the cards would be separated by a sorting machine according to offices of issue and numerical order, which work is at present done by hand.

When sorted into offices of issue and numerical order the cards would be examined to see that the order numbers for each issuing office run consecu-

tively, for which process it is possible that a machine of a simple character could be devised. A note would be made of the missing numbers and the issuing postmaster's statement referred to and particulars therefrom punched on a card of a distinctive color. When this process had been completed, all numbers issued by postmasters would have been accounted for in numerical sequence and each block of cards corresponding with an issuing postmaster's statement would contain cards of one color for all orders which have come in through paying offices, and cards of a distinctive color for all orders outstanding and unpaid, assuming for the time being the correctness of the amount of each unpaid order as entered in the statement of the issuing postmaster. The total of each block of cards as obtained by means of the tabulator would then agree with the total of the statements of the issuing postmaster. The correctness of the additions to the postmaster's statement and the accuracy of the fees with which he charges himself on the issuing statement would also be proved by the same operation. The audit would be finally completed on the subsequent receipt of these unpaid orders by comparing them with the cards of distinctive color already prepared.

It is hardly necessary to point out that the proof by totals so obtained is a far better check upon the accuracy of the postmaster's statement than the mere visual check by comparison of items, with all its attendant risk of clerical errors, which is at present in force.

One year from the last day of the month of issue money orders became invalid and postmasters are not allowed to pay such orders on presentation. Postmasters are instructed to send in, at the end of each month, the advices, together with a statement of all such invalid money orders. The total amount represented by these advices is required by statute to be turned into the Treasury for account of the postal revenues.

This system is very unsatisfactory, as there is absolutely no proof that all advices of invalid money orders have been received or that the correct amount has been transferred to the postal revenues.

Under the proposed system the amount of the invalid money orders would be arrived at by assorting the cards representing outstanding money orders into dates of issue and tabulating all cards for orders more than one year old. The total amount thus arrived at would be dealt with as explained in Exhibit *7a*, and the cards representing orders so transferred would be placed in a separate file.

When an application is made to a postmaster for payment of an invalid order, it is recommended that he send such application to the Department, which would issue a notice (the exact size of the money order) to the postmaster upon whom the money order is drawn, instructing him to pay the invalid order as shown by the notice. When paid, the postmaster should attach the notice to the original money order and enter the amount thereof on his list of money orders paid.

The present practice of issuing warrants in payment of these invalid orders involves considerable expense and would, by the adoption of the proposed system and recommendation, be discontinued.

As the money orders, to which the notices would be attached, came before the clerks punching cards from the paid orders, a card of a distinctive color would be used to signify that the amount of the order had been transferred to the postal revenues.

These cards, after verification with postmasters' lists of money orders paid, would be tabulated separately and the total amount thereof would be treated as outlined in Exhibit *7a*. These cards would then be matched with the cards representing money orders more than one year old, the amount of which, as stated above, would be transferred to the postal revenues. after which the latter would be destroyed and the former would be filed.

As applied to international business, this mechanical method would be operated in practically the same manner as for domestic business, the international certified lists of money orders issued in the United States payable abroad taking the place of the paid money orders as the voucher from which cards would be punched for proving the issuing statements of this country, and the certified lists of orders drawn abroad and payable in the United States being regarded as issuing postmasters' statements of the foreign country which would be proved by cards punched from the paid money orders issued by the foreign countries and turned in as vouchers by postmasters of international offices in the United States.

With the authority of your Commission and with the cooperation of Dr. Herman Hollerith, we have made a test of this method, using approximately 100,000 paid money orders taken from the files of the Auditor for the Post-Office Department, and issued originally by 51 issuing offices scattered throughout the country during the period from July 1 to September 10, 1900. Our conclusions as a result of the test are favorable, and we recommend that the method be adopted.

The advantages of the proposed method are as follows:

(1) Elimination of the work of sorting paid orders in the various post-offices. Postmasters would merely enter in their cash blotters orders as they are paid, and the orders themselves would remain in that sequence and be sent to Washington without any further sorting whatsoever.

(2) Reduction of detail of orders paid required from postmasters, which would render it possible to prepare and total the lists thereof on arithmometers in the large paying offices.

(3) Substitution of rapid mechanical for hand sorting.

(4) Elimination of the labor of footing and proving both sides of the periodical statements from each post-office.

(5) Ascertainment of the amount of outstanding orders of each office at the end of any month before the close of the next month and proof thereof for each office at least once a quarter with the actual orders outstanding, based on the postmaster's statements. No such balancing has been made since the inception of the money-order business in the year 1865.

(6) Elimination of purely visual checking, under which practice undoubtedly any number of incorrect entries on postmaster's statements pass undetected.

(7) Increase of the efficiency of the audit, as that of the paid side of the statements should be completed within a week of their receipt, and that of the issue side should be commenced within from six to nine weeks from the date of the issue, instead of from nine to twelve months later, as at present.

A detailed description of the method will be found in Exhibit 7*b*.

In view of the fact that the method suggested is so radical a departure from that in force, it may be considered advisable to install it, in the first instance, for international money orders, the volume of which is small in proportion to domestic.

It appears that the clerical efficiency in the Auditor's office is very much lower than in commercial life, and that therefore in making comparisons of the cost of any new system with the present cost of the work in the money order division, this general inefficiency must be taken into account.

An accurate comparison of the cost of operation of the proposed method with the cost of operating the present system is not a simple matter since efficiency of the operating force largely affects the matter. As machinery performs the greater part of the work, it can be and commercially is done to a very great extent by employees whose remuneration is not higher than that of the grade now classified by the Post-Office Department as laborers.

Making allowances, however, for the admitted inefficiency of the staff in the Auditor's office and the high remuneration paid to those in the lower grades, to whom practically the whole of the operations would be entrusted, we are satisfied that results would be obtained much more rapidly than hitherto. In addition, an accurate check on postmasters' accounts and outstandings would be had continuously without any increased annual cost. If the remuneration and efficiency of the staff could be adjusted to commercial standards, the benefits would be felt to a much greater extent.

In our opinion, the question of cost should not be the sole or indeed the crucial test of the desirability or otherwise of installing the new system. Even if no saving in the expense of auditing were to be accomplished, the provision of an absolute and prompt check and reconciliation of the orders paid and issued would itself be a sufficient reason for its adoption.

One important feature of the proposed system, which has not been referred to hitherto, is the fact that the cards, when once proven, can, by means of the sorting and tabulating machines, provide an accurate and ready method of obtaining statistical information relating to the scope of the money-order business much more rapidly than by hand tabulations. These statistics would be such as the proportion of money orders drawn for specified amounts; the average life of a money order in different sections of the country; the number of errors made by postmasters in their lists of money orders issued and paid, which would be arrived at by punching a special symbol on the cards; and in fact any statistical information based on the details shown on the cards.

This, although in no sense necessary for purposes of accounting or auditing, is, however, additional evidence of the utility and scope of the proposed system.

SECTION VIII. PROPOSED COST SYSTEM.

In planning a cost system it is necessary in the first place to consider carefully the objects to be achieved and the results the cost system is required to give. In the case under consideration the primary object is, as defined in the act, to ascertain the true cost of the transportation, handling, and delivery of each class of mail matter and of the various subdivisions of such classes, as well as the true cost of each of the special services rendered the Government and the public by the postal service.

A secondary object, but one of very great importance, is the close analysis and comparison of expenses in the detail work of the various branches of the Department by which opportunities for economies and improvements in methods are disclosed.

In a business governed by purely commercial considerations the importance of these two points is usually so great as to render a proper continuous cost system almost a necessity and amply to justify the expense involved. Whether this would be so in the case of a public department, not conducted for profit and governed largely on other than business principles, is not so clear. We are satisfied that a practical and valuable cost system can be carried out, but the question whether the advantages to be derived therefrom will be sufficient to compensate for the extra expense and labor involved is not one upon which we can pass final judgment. There appears to be at the present time an imperative demand for at least approximately correct figures showing the cost of services in comparison with the revenue therefrom, but it is possible that this demand might be met by figures ascertained from a series of tests without the establishment of a system by which the information would be continuously available. In either event, however, a proper scheme for the distribution of expenses, the ascertainment of units of service and the apportionment of expenses on the basis thereof, is needed and the system we have outlined will, we believe, therefore be valuable whatever decision is reached on this point. Moreover, it will serve to indicate the changes which would be required and the additional work which would be thrown on the service by a continuous system and will enable the administrative heads of the Department to form an opinion as to the desirability of such an installation. Again, while the statistical information obtained as an incident of the cost system could be made of great value in improving methods and increasing efficiency, provided it is carefully studied and the conditions disclosed thereby realized and remedied, such statistics would be of no value if regarded in the same way as the greater part of the statistics which are now available, merely as matter to be inserted in the Annual Report and not for use for administrative purposes.

The value of any cost system depends in a very large measure on the accuracy with which the various expenses can be and are distributed, and the reliability of the results obtained may be measured by the extent to which the expenses can be distributed direct to different services, and by the exactitude of the bases upon which expenses not so chargeable are apportioned. In the present case the bases of distribution would in general be those of weight and time, and it is therefore essential to either continuous or test costs that records be available showing the weight of the mail in its various classes and analyses of the time of the employees of the Postal Service. The manner of ascertaining and applying these will be outlined hereafter.

However carefully and exactly expenses are distributed there will always remain certain elements which, theoretically, should be considered in arriving at cost, but which are incapable of accurate expression in figures or of being worked into any practicable system. Such elements in the present case would include the extra cost occasioned by the frequency and rapidity of service and other considerations of public utility, the preferential treatment accorded to first class mail, and the effect of the large volume of second class mail in reducing the average rate of transportation for all classes, owing to the compensation being fixed on a sliding scale according to the total weight conveyed. No attempt has been made to reflect these elements in the cost system proposed, though they should not, of course, be ignored in the formulation of any conclusions from the figures derived by that system.

In this report we have confined ourselves to such discussion of the various expense accounts and methods of distribution of each as is essential to enable

a clear idea to be gained of the proposed scheme in its general form and have not attempted in the accompanying pro forma tables and cost sheets to set out the full detail necessary as a preparatory step to the installment of any system. For purposes of convenience this section has been arranged in the following order:

1. General description of cost system, showing: (*a*) Relationship between accounting books and cost records; (*b*) expenses under main headings of service; (*c*) cost accounts or accounts for which the cost per unit will be shown; (*d*) the bases of distribution of expenses under the following captions: (1) Weight; (2) number of pieces in each class of mail; (3) time; (4) distance or average haul.

2. Second-class matter.

3. Description of service accounts and their distribution over cost accounts.

We have also prepared and submit as Exhibits 8*a* and 8*b*: (1) Pro forma set of cost sheets; (2) statement of apportionable expenses and the treatment of each.

A study of Exhibit 8*a* will facilitate an understanding of the plan proposed and of the comment hereinafter contained. This exhibit includes the following tables:

1. Table A, showing the total expenditures under main headings of service.

2. Table B, showing the cost of each class of mail and special service accounts together with the distribution thereto of the main service accounts.

3. Table C, showing the bases of distribution of the main service accounts over the cost accounts.

4. Table D, showing the cost per unit and the unit rate of revenue and postage of each class of mail matter.

5. Table E, showing the weight of mail, number of pieces, and ton miles of each class of mail matter.

1. GENERAL DESCRIPTION OF COST SYSTEM.

(*a*) *Relationship between accounting books and cost records.*—The expenditures dealt with in the cost accounts must correspond precisely and agree periodically with the total expenditures shown by the general accounting records. Any statistical cost which will not fulfill this requirement can be of only a very limited value. The expenditures will of course include those not now charged against the service, as set forth in Section II.

(*b*) *Expenses under main headings of service.*—Expenses may be divided into three classes: (a) Direct, (b) apportionable, (c) indirect, and will eventually all be grouped under one or other of the undermentioned headings of service: (1) Collection; (2) sorting outward in post-office; (3) sorting in railway post-offices; (4) transportation; (5) equipment; (6) delivery, including sorting at post-office of destination; (7) revenue charges (manufacture and sale of stamps, etc.); (8) foreign mail; (9) money order; (10) registry; (11) special delivery.

Direct charges are those which can be charged directly to one or other of the above accounts, while apportionable expenses are those which can be fairly allocated by apportionment, and indirect or general charges are those which are incapable of such specific allocation. The distribution of these indirect charges is necessarily arbitrary, and is proposed to be made on the ratio which the total of direct and apportionable charges in each service account bears to the whole.

The expenses having been grouped under the headings of Service are distributed over the individual cost accounts of the various classes of mail on the basis of weight, number of pieces, or ton miles acording to the nature of each service as described in this report.

(*c*) *Cost account or accounts for which the cost per unit will be shown.*—The cost of each of the following classes of mail and the cost per unit of each class will be shown, individually and collectively, by means of comparative cost tables: (1) First-class; (2) second-class publishers', 1 cent a pound; (3) second-class free in county; (4) second-class local delivery; (5) second-class transient; (6) third-class; (7) fourth-class; (8) franked; (9) Government penalty mail.

In addition, the cost will be shown of each of the following special services: (10) Foreign mails; (11) money order; (12) registry; (13) special delivery.

If it be desired either at the time of installing the system or at any subsequent date to subdivide any of the above classifications, a further analysis of cost can be obtained by an extension of the proposed system.

It may be pointed out here that the difficulties in operating any system of cost accounts are materially augmented by the present complex scheme of post-office classification of mail. There are at present no less than 20 different classes of mail if the classification be held to be determined by the variation in postal rates only, and if the variation of service were taken into account in computing the number, these 20 classes would be very materially increased; for example, local mail receives only delivery service and may, therefore, be regarded as constituting a separate class from mail which requires, in addition, sorting in post-offices of origin, sorting in railway post-office cars, transportation, and the use of equipment.

These difficulties in themselves form a strong argument for a simplification of the existing classifications, the need for which has been pointed out in another section of this report.

Second-class publishers' matter receives special treatment during practically the whole course of its transit through the mail, and the process for ascertaining the cost will differ somewhat from that employed for other classes of mail, the subject being dealt with later under the heading "Second-class matter."

(*d*) *Bases of distribution of expenses.*—The basis of distribution of the total expenditures in respect of each service to the cost accounts varies in accordance with the nature of the service, determining factors being principally as follows: (1) Weight, (2) number of pieces in each class of mail, (3) time, (4) distance or average haul.

(*1*) *Weight.*

As previously stated in this report, we are of opinion that it is indispensable for the purpose of a cost system that the weights of all the mail in its various classes be taken in order to obtain this unit of distribution.

The class of mail matter which is largest in point of volume and weight, forming, according to some estimates, two-thirds of the whole, is the second-class publishers', but as described hereafter under the caption "Second-class matter" weights of this class will be ascertained independently and will not, therefore, be further considered here.

In endeavoring to arrive at the best method of obtaining the weights with as little disturbance as possible to the existing system of handling and dispatching the mail in the shortest time possible after its deposit in the post-office, we have examined with care, and made inquiries of postmasters as to the methods employed in and the effects on the service of the special weighing now in progress.

The weight of the evidence is to the effect that the weighing involves little or no delay in first-class, and no serious delay of other mail, except when the volume of business is much in excess of the average.

Having regard to the general absence of mechanical contrivances and the economy of time and labor resulting in offices such as Chicago, where such contrivances are used, it would seem that with the aid thereof continuous weighing could well be carried on without prejudicing the service.

The mechanical contrivances may be briefly referred to as follows: (1) Tray conveyors, for carrying faced letters, consisting of a series of endless belts; (2) basket pick-up conveyors, consisting of a cable stretched wherever desired, over which are carried metal or wire baskets with rubber brush, which fills the basket automatically during its travel; (3) sack or bag conveyor, for carrying sacks on steel cables with collapsible hooks—these conveyors unload automatically at any required point; (4) mechanical facing-up tables with automatic stacking device. (It will be noted that there are no automatic scales in use or mechanical recorders for marking up weights as they are obtained.)

Although it is obviously not possible to install appliances such as the foregoing in every post-office, there is no doubt much might be achieved by the introduction of automatic scales, mechanical weight recorders showing on the face of a dial the cumulative weight of each class of mail and suitable equipment such as trays. It is also probable that some rearrangement of the internal fittings in that portion of a post-office devoted to the handling of the mail (and in some instances some small additions to the existing staff) would result in not only facilitating the weighing, but increasing the general efficiency of the service.

Without again adverting to the complexity of the present classification of mail matter, the number of classes in which the mail will be required to be weighed to enable costs to be distributed may be given as follows: (1) Letters and postal cards; (2) second-class publishers (pound rate, addressed to individuals); (3) second-class publishers (pound rate, news agents' copies); (4)

second-class, free in county; (5) second-class, local delivery; (6) second-class, transient; (7) third-class; (8) fourth-class; (9) franked matter; (10) penalty (other than that chargeable to the Post-Office Department); (11) foreign mail, distributed; (12) foreign mail, transient; (13) registered in classes.

The weight of full and empty equipment would have to be reported for registered and ordinary mail, respectively.

Having shown the classifications for which weights must be obtained, the next step is to consider the most practicable method of obtaining the same, and to make the matter intelligible the following brief résumé of the system of handling the mail from the time of its reception in the post-office to the time of its dispatch is necessary.

Mail is handled in post-offices in one of two ways, and may be described as, first, mail which is separated in cases; second, mail which is separated in racks. The former contains all first-class mail, and such mail of other classes as by reason of its size can be accorded the same treatment. The latter contains all mail (excepting first-class packages) which can not be conveniently handled in the cases.

(1) *Mail separated in cases.*—Immediately letters are received they are required to be "faced up," that is, arranged so that the stamp will be in the right-hand corner when the letter passes through the canceling machine. All letters which are not suitable for passing through the canceling machine, being either too thick or too wide, together with redirected letters, etc., are passed to a separate table for cancellation by hand.

All mail received at the post-office is divided into (a) city, or mail for local distribution by carriers, and (b) other mail for outside destination.

This separation is made at different points of handling, dependent upon the character or the quantity of mail being dealt with. At some offices the local mail is separated while being "faced up;" at other times a city box is provided in the "separating" case.

Collectors are usually required to face up the mail brought in by them, and in some cases to separate local mail from mail for outside destination.

Letters mailed at the post-office are placed on "picking-up" tables and faced up for the canceling machine by the mailing clerks.

After cancellation, either by hand or machine, all letters pass through the primary separation cases, where they are separated into States and large towns. They then pass through the State distribution cases and are made up in packages with facing slips showing their destination for post-offices or railway post-offices, that is, trains on which postal cars are used. Mail, however, for large towns and for those States for which there is not sufficient mail to warrant distribution at the post-office is made up into packages with facing slips at the separation case and passes direct to the pouching table, thus omitting the distribution case.

It must be observed that there is an unceasing stream of mail from the canceling machine to the separation case and from the separation case to the distribution case. This point is emphasized, as it will show the difficulty in obtaining the weight of the mail dispatched to any particular State.

After the packages are tied up they are taken to the pouching rack and pouched, and many of the pouches contain packages for several destinations, being re-sorted on the railway post-office cars. The pouches are then locked, labeled, and dispatched, a record of each being noted on a dispatching sheet, which forms a link in the system of pouch exchange. In some post-offices a wagon bill is made out in addition in order to enable the transfer clerk at the depot to readily ascertain that he has received all the pouches forwarded to him.

(2) *Mail separated in racks.*—This mail is turned out on tables, rated, canceled by hand, and then passed to the separation and distribution racks, city mail being separated from mail for outside destination and sent over to the delivery division. The separation is made in racks instead of cases, according to schemes which are practically identical with those used at the cases, and this mail, instead of being dispatched in pouches, is sent away in sacks.

It may be stated as a general rule that pouches are used for letter mail and circulars, and sacks for other matter. If, however, a small quantity of mail is shipped to a particular point, all classes would be dispatched in one pouch.

Special-delivery letters and registered mail receive somewhat different treatment, as follows:

Special-delivery letters.—A book record is kept in some post-offices of special-delivery letters received. After being entered on this record they are first can-

celed by hand and then passed direct to the distribution case, thus avoiding one handling and consequently the risk of missing the first closing made after their receipt at the post-office.

Registered mail.—In the large offices this is handled in a separate division. Letters are placed in covers called "R. P. E's" (registered package envelopes) and these are placed in a registered jacket envelope if there are 5 or more R. P. E's for one destination. Special registered package tags are affixed to bulky packages. The sorting is made according to schemes especially prepared for registered mail, and pouch bills are made out for each pouch of mail dispatched.

The same general process of separation and distribution is followed as is the case with ordinary mail. No registered mail is delivered without a receipt being obtained for the same. It may be added that in exceptional cases only is registered mail forwarded by trains on which there are no postal clerks, the rule being to forward same in postal cars in charge of a clerk.

We have reached the conclusion that the best method of obtaining the weights of mail in the required classifications under existing conditions is by an initial separation into the necessary classes and weighing before the sorting process commences.

When, therefore, the mail is faced up it must be also classified and the weights taken and recorded before the cancellations in the case of matter handled as "case" mail, and immediately after stamping where the matter is handled as "rack" mail. If the weights are taken in this way there is no means of obtaining the average haul at the same time, and this factor will consequently have to be ascertained independently as described under the caption, "Distance or average haul."

The recording of the weights would be very much simplified, as stated above, by the use of mechanical recorders which would show the day's total weight for each class, thus obviating labor and liability of error in recording and footing the individual weights. The daily totals could be combined at the post-office in weekly or monthly totals, and these would be tabulated in the head office at Washington.

(2) *Number of pieces in each class of mail.*

As it will be necessary, for the purpose of distributing certain service accounts, to know the number of pieces of mail matter passing through the post-office, these figures must be obtained either by—(*a*) actual count, or (*b*) calculation from the known weight in the post-office of origin.

In offices where canceling machines are in use, a record is obtained of the number of pieces of mail passing through the machine, but as this mail is not confined to one class, the canceling machine record is of no assistance in ascertaining the number of pieces of mail of each individual class.

To obtain an actual count is doubtless impracticable, but it should not be a difficult matter to establish the average number of pieces in a pound of each class of mail matter, and this should be ascertained by a series of tests carried out at the principal post-offices over periods of sufficient duration to insure accurate results.

The number of pieces in each class would then be found by multiplying the total weight by the average number of pieces per pound.

(3) *Time.*

When the enormous sums disbursed annually to the employees of the post-office in the form of salaries is considered, it is evident that a correct basis of distribution of this expense must be found if any accurate figures are to be obtained of the cost of the various services. The only basis on which a correct apportionment can be made is the labor-hour or time consumed.

Although many salaries of employees are directly chargeable to specific service accounts, in the great majority of cases the duties discharged are connected with two or more services, and time records must, therefore, be kept to enable the distribution to be made. Inasmuch as the salaries and wages of all employees (except those paid by Treasury warrants) are paid by the postmasters or disbursing postmasters at the various post-offices, an analysis of the total pay rolls made on the basis of the time worked would afford a means of correct distribution of the whole of this expense. This analysis should be spread on the back of each pay roll, or shown on a counter foil coupon, and

the amounts entered therefrom by the Comptroller's office on a pay-roll distribution sheet, the totals of which would provide the figures for the cost sheets.

In the smaller post-offices it may be necessary to make an arbitrary apportionment of the pay roll, but in the larger offices each employee should keep a time card written up daily, and totaled when the pay roll is made up, the total hours chargeable to the different services being entered on the time distribution sheet.

If time clocks recording on cards, such as are in common use in modern factories and warehouses, were used throughout the large post-offices the backs of these cards could be ruled for the daily distribution of the employee's time, the life of the card being the period of the pay roll. The time distribution would be agreed with the clock record on the face of the card, and the totals of the time analysis carried to a time distribution sheet.

The total number of hours worked by one section of employees should be divided into the total of the wages of the section, and the average rate per hour thus obtained; the total hours chargeable to each service on the time distribution sheet can then be worked out at that rate, and the amounts entered in an analysis on the back of the pay roll.

The salaries of the postmaster, assistant postmaster, and cashier, and the wages of the general utility men, should be collected in one section of the pay roll, and the total then distributed in the analysis over the service charges therein in the proportion which each bears to the whole.

The sections in which the pay roll should be divided are as follows: (*a*) Postmasters' office, including cashiers and staff and wages of general utility employees, (*b*) stamp sellers, (*c*) mailing division, (*d*) delivery division, (*e*) registry division, (*f*) money-order division, (*g*) railway-mail service division.

The mailing division deals with the sorting and dispatch of mails, the delivery division with the collection and delivery of mail, and the railway mail service with the sorting in railway post-offices, preparation of mail for delivery, and supervision and management of railway transportation. The time cards of the railway postal clerks should be similar in form to other time cards, but would not be passed through the clock.

The tabulation of the time cards would be made by the staff engaged in keeping the existing time records and would not consequently increase the present expenditures.

The time records of the rural free delivery carriers would require some variation in form, as described fully in Exhibit 8*b*, under the heading "Rural free-delivery service."

(*4*) *Distance or average haul.*

The average haul of each class of mail is necessary in order to compute the ton miles which form the basis of distribution of the cost of transportation.

It is self-evident that insuperable difficulties stand in the way of obtaining over any prolonged period a record of the actual distance traveled by the individual pieces of mail of each class, and the nearest approach that can, in practice, be made to obtaining the actual haul is by a test or series of tests for some comparatively short period of the weight of mail in classes dispatched from the post-office of origin to the State of destination, an average distance being estimated for its travel in the latter.

As explained under the caption "Weight," the difficulty of holding up the mail for a sufficient length of time at the separation case to enable the continuous weights to be taken separately for each State or town of destination is in itself a serious one, owing to the delay caused to the mail, apart from the labor of tabulating the numerous weighings. Having obtained these weights, the next step would be to calculate and enter on the tabulation sheets the distances from the post-office to each State or town of destination by the nearest mail route, the geographical distance not giving the true line of travel. When it is remembered that there are over 60,000 post-offices in the United States, some idea can be gained of the millions of calculations involved in these two processes and in the subsequent work of multiplying the weights by the distances and dividing the products by the total weight, to arrive at the average haul. Under the circumstances it seems necessary to confine the taking of the average haul to a selected number of representative post-offices.

In the weighing now in progress the haul is being calculated on the basis of the distance from the point of origin to the center of population in the State, as furnished by the Census Bureau, and this method is probably as fair as could be adopted without a very great amount of additional labor.

2. SECOND-CLASS MATTER.

The cost of second-class mail matter would, as already noted, be obtained in the manner somewhat different from that suggested for ascertaining the cost of other classes of mail.

In the first place, publishers' matter is, to a great extent, "made up" at the publishing office under the direction of the post-office, and does not require to pass through the post-office of origin, thus avoiding the costs of collection and sorting outward (in post-offices). In the case of matter made up for news agents (as apart from copies mailed to individual subscribers), no delivery expense is incurred, the packages being either handed to news agents at post-offices or thrown out at the risk of the addressee en route. Equipment cost is also much less on second-class matter than on other classes of mail.

Different sections of second-class matter incur different costs, and therefore the weights of each different section have to be taken separately to enable a correct distribution of the expenses to be made. The subclassifications necessary for this purpose are as follows: (1) Free in county; (2) mixed (not "made up" by publishers and sorted in post-offices of origin); (3) "made up," subscribers: (4) "made up," news agents; (5) local delivery, 1 cent a copy; (6) local delivery, 2 cents a copy; (7) transient (including publishers' Canadian).

Having obtained the weights of each subclassification as previously described, and the average haul of each class, sufficiently accurate costs can be then shown for each main classification of second-class matter, viz: (a) Free in county; (b) publishers', 1 cent per pound; (c) transient; (d) local delivery.

Each of these subclassifications might be again divided under the head of "Newspapers" and "Periodicals" inasmuch as the average haul of these two forms of publication differs widely, as does the service they receive. For purpose of the present cost system, however, it is not proposed to go beyond the four classes enumerated above, any further refinement of costing desired being, however, obtainable by an extension of the system.

The weight of second-class matter would be obtained partly in the post-office and partly at the publishers' office and at the railway depots. Transient matter will naturally be weighed entirely in the post-office and will form a class in the post-office weighings.

3. DESCRIPTION OF SERVICE ACCOUNTS AND THEIR DISTRIBUTION OVER COST ACCOUNTS.

The whole of the expenses incurred by the postal service, as has been stated earlier in this report, will be collected under the eleven headings of service and thence distributed to the various cost accounts and special-service cost accounts. These service accounts may be briefly discussed under their respective heads.

(*a*) *Collection.*

Grouped under this heading will be all expenses connected with the collection of mail up to the time of its deposit in a station or main office by carriers and collectors.

The sources from which these expenses will be derived, either directly or by apportionment, are as follows: (1) City free-delivery service, (2) rural free-delivery service, (3) post-office clerks' pay rolls, (4) postmasters' salaries, (5) expenses of the division supervising post-offices, (6) rent and maintenance of buildings.

All classes of mail will be charged with a share of the cost of collection, with the exception of second-class publishers and foreign mail transient and distributed, the distribution being made on the basis of weight.

It is probably a fact that the proportion of penalty and franked matter received at post-offices, and not, therefore, strictly chargeable with the cost of collection, is considerably greater than in the case of mail matter generally, but it does not seem practicable to carry the subdivision of mail to a point where allowance could be made for this condition.

(*b*) *Sorting outward mail.*

This heading takes up all the expense of preparing mail for transportation its deposit in the post-office of origin to its dispatch in pouches or sacks.

It includes the cost of "facing up," canceling, separating, distributing, tying up and pouching. These expenses are derived from the following sources: (1) Post-office clerks' pay rolls, (2) city delivery service, (3) rental charge for canceling machines, (4) rent and maintenance of buildings, (5) postmasters' salaries, (6) salaries of divisions controlling the above expenses.

The cost of this service is distributed over the following classes of mail: (1) First-class mail, (2) second-class transient, (3) second-class 1 cent per pound ("mixed"), (4) franked mail, (5) penalty mail, (6) third-class mail, (7) fourth-class mail.

The basis of distribution is the number of pieces of mail handled calculated from the weights obtained in post-offices of origin and from returns made by publishers on the basis of tests.

(c) Sorting in railway post-offices.

This service account comprises the expenses attendant upon the sorting of mail matter on railway post-office cars. The following is a list of these expenses: (1) Proportion of salaries of railway postal clerks engaged directly in handling the mail; (2) special compensation paid to railroad companies for railway postal cars service; (3) proportion of salaries of superintendents, chief clerks, etc., in the railway mail service.

The cost accounts over which the cost of this service is distributed are: (1) First class, (2) second-class pound rate, (3) second-class transient, (4) third class, (5) fourth class, (6) penalty, (7) franked, (8) foreign mail distributed.

The basis of distribution will be the number of pieces of mail in each class, omitting publishers' mail made up for news agents, which is not handled in the cars.

(d) Transportation.

This expense includes the cost of all the various services by means of which the mail is transported from the post-office of origin to the post-office of destination; the cost of transportation of foreign mail outside the territories of the United States is excluded, being a direct charge against the foreign mail service account. The items making up the total expense are as follows: (1) Railroad transportation, (3) electric and cable-car service, (3) mail-messenger service, (4) screen-wagon service, (5) domestic steamboat service, (6) railway mail service (proportion), (7) star route service, (8) salaries of divisions controlling the transportation services, (9) pneumatic-tube service, (10) special office service, (11) ship, steamboat, and way letters.

The star route service is being superseded by rural free delivery service, consequently some carriage of closed pouches is undertaken by the latter service, and on the other hand collection and delivery is to some extent performed by the star route contractors. In lieu of an arbitrary adjustment in respect of the service rendered by each service to the other, all star route compensation is charged to transportation expense, and rural free delivery service cost to collection and delivery.

It is assumed that the benefits of the transportation service in the aggregate are shared by the various classes of mail in proportion to the weight carried for each, including equipment and the distance hauled, and the distribution of the expense is made on the basis of ton-miles.

The cost accounts to which distribution is made are as follows: (1) First-class mail; (2) second-class mail 1 cent a pound, free in county, and transient; (3) third-class mail; (4) fourth-class mail; (5) franked; (6) penalty; (7) foreign mail, transient; (8) foreign mail distributed.

The second-class publishers' mail for local delivery of course incurs no transportation expense.

(e) Equipment.

The equipment forms at least one-third of the total weight, and an equitable distribution of the cost of its transportation is therefore an essential. Such a distribution is proposed to be obtained by determining as nearly as possible the weight used in the carriage of each class of mail, and then combining the weights of mail and equipment before computing the ton-miles, which form the basis of distribution of the whole transportation expense.

Owing to the fact that pouches are often used for mail of all classes, this

equipment weight can not be ascertained by a division of equipment into sacks and pouches. There are in fact only two classes of mail for which separate equipment weights can be obtained, viz: Second-class mail and registered mail. These weights should therefore be deducted from the total equipment weight and the remainder distributed over all other classes of mail in the proportion of the weight of mail of each class. The weights of empty equipment sent through the mail should be included with the other equipment.

The expenses of equipment apart from the expense of transportation are as follows: (1) The cost of the purchase and repair of mail pouches, sacks, foreign sacks and registered sacks, and mail locks and keys used for transportation; (2) all expenses pertaining thereto; (3) the freight on empty equipment (not sent through the mail).

These expenses are intended to be taken into the apportionable expenses cost sheets and the cost of foreign and registered equipment charged to those services. The remaining expenses should be carried to equipment service account and thence distributed over the cost accounts in the proportions of their respective weights, except that second-class mail will be charged with the cost of its own equipment instead of a proportion of the total, and that registry service will be charged with an arbitrary differential on account of the much greater cost and weight of its equipment.

(*f*) *Delivery service.*

This service includes handling mail from its arrival in post-offices of destination to its delivery to the addressee. The expenses will be collected under this heading from the following sources: (1) Post-office clerks pay rolls; (2) city delivery service; (3) rural free delivery service; (4) railway postal clerks' salaries (in respect of city sorting); (5) expenses of divisions controlling the above; (6) maintenance and rent of buildings.

With regard to the first two items the proportions chargeable to this main heading of service will consist largely of the salaries of the carriers.

There is of course no delivery expense on post-office box and general delivery mail, but as in the large offices it is the practice to have one or more clerks attending to this particular service it is assumed that the special expenses of salary, rent, advertising, etc., offset to a large extent the savings in expense of delivery by carrier, and therefore this item is not proposed to be treated separately in the cost account.

The question of second class publishers' 1 cent a pound mail matter presents more difficulty, a proportion being delivered by carriers and the remainder collected by news agents at depots of post-offices in bundles. It is obvious that this latter should not be charged with delivery cost and it would be necessary therefore, to ascertain these weights separately as already explained. Second class free in county is not chargeable with cost of delivery service.

The classes of mail matter over which the above costs would be distributed on the basis of the number of pieces are as follows: (1) First-class (postal cards and letters); (2) second-class transient; (3) second-class publishers for local delivery; (4) second-class publishers 1 cent a pound; (5) third class; (6) fourth-class; (7) franked mail; (8) penalty mail; (9) foreign mail distributed.

(*g*) *Revenue charges.*

This heading would take up all expenses which are considered specific charges against revenue, including the cost of manufacturing and selling stamps, and should be distributed over the cost accounts in the proportion of the estimated revenue of each class of mail.

(*h*) *Foreign mail.*

This class of mail may be discussed under the following heads: (1) foreign mail outwards, seaborne; (2) foreign mail outwards, territorial; (3) foreign mail inwards, distributed; (4) foreign mail inwards, transient.

Foreign mail outwards, both seaborne and territorial, is treated for cost account purposes as domestic mail to the point of departure from the country. There should, however, be no charge against this class of mail for delivery service so that the weights taken in the exchange post-offices must be deducted from the weights of domestic mail prior to distributing this expense.

The weights at the exchange post-offices being taken only as first class or other class, it would be necessary in domestic post-offices of origin to include all foreign mail other than first class, as third-class mail, and the weights of foreign mail can thus be deducted from those of mail of these two classes. The weight of territorial mail outwards might have to be determined by tests, and similarly adjusted.

The expenses of these two subclasses of mail at the exchange post-offices, and subsequently, so far as they are paid by the United States Post-Office Department, are charged to foreign mail service account.

Foreign mails, inward, consist of mail that is distributed in the United States and mail that is passing through the United States territories to countries beyond. The expenses of both these subclassifications are charged to the foreign mail service account, but it is necessary to ascertain their weights and average haul independently, as each receives different service, transient or through mail being chargeable only with the cost of transportation while mail distributed receives transportation, sorting in railway postal cars, equipment and delivery service. If it is not found practicable to weigh Canadian mail, inward, the weights should be estimated on the basis of the present semi-annual count.

The expenses peculiar to foreign mail, and chargeable to foreign mail service account, are as follows: (1) Cost of exchange offices, (2) maritime transportation, (3) payments to foreign countries for intermediate territorial and maritime transportation, (4) cost of handling and transporting foreign mail, transient and distributed, (5) cost of intermediate maritime transportation of mail of foreign countries, (6) equipment and supplies, (7) expenses of sea post-offices, (8) expenses of division of foreign mail, (9) indemnities for loss of registered mail.

In considering the question of foreign mails it must be borne in mind that this mail forms only a very small proportion of the total mails of the country (the count of 1899 showing that it then constituted about one-half of 1 per cent of the whole, including equipment, or less than 2 per cent, excluding equipment).

(*i*) *Money-order service.*

This account shows the expenses directly chargeable and apportionable, together with the indirect or overhead charges. The sources from which these charges will be derived are as follows: (1) Money-order supplies, (2) commission of postmasters at third and fourth class post-offices, (3) post-office clerks' pay roll, (4) maintenance and rent of buildings, (5) commission paid to foreign governments, (6) loss on foreign exchange purchased, (7) postmasters' salaries (proportion), (8) salaries of divisions connected with the money-order service.

A charge would, in addition, require to be made for the service rendered to this division by the postal service.

(*j*) *Registry service.*

This service is chargeable with the special expenses peculiar to registration. The expenses will be obtained from the following accounts: (1) Post-office clerks' pay roll, (2) postmasters' salaries (proportion), (3) rent and maintenance of buildings, (4) supplies, (5) equipment, (6) salaries of railway postal clerks (proportion), (7) salaries of division conducting the service, (8) rural free-delivery service (proportion), (9) indemnities.

(*k*) *Special-delivery service.*

This account should be charged with the additional costs incurred in conection with the special delivery of letters, obtained from the following accounts: (1) Special supplies, (2) fees paid to messengers, (3) car fares for messengers, (4) post-office clerks' pay roll, (5) salaries of postmasters (proportion).

GENERAL REMARKS.

The above description of the plan proposed is of course only intended to make clear the general outlines of the scheme, which would undoubtedly

need modification to meet administrative requirements or practical difficulties, which would be disclosed in the course of installation.

Greater accuracy could be obtained by the adoption of more varied units of distribution, as, for instance, floor space occupied, but at the present time accurate figures for such units would be almost impossible to obtain, and as the amount which would be distributed on the basis thereof would be relatively small, it has been deemed better, for the present at least, to reduce the number of units to a minimum and to suggest only those for the ascertainment of which provision has been made.

Before actual adoption it would need to be discussed with the Department, amplified, and illustrated by detailed forms, etc., but it would, we feel, be premature, and serve no useful purpose to attempt to elaborate it further before the broad questions raised in the earlier part of this section have been settled and the main outline of the proposed plan approved.

SECTION IX. DUTIES OF THE AUDITOR.

It will be evident that if the recommendations regarding accounting and auditing methods are adopted, the functions and organization of the office of the Auditor for the Post Office Department will be changed considerably.

Prior to the installation of the proposed system numerous amendments of existing laws would require to be made, the most important of which would probably be needed in connection with the suggestions—

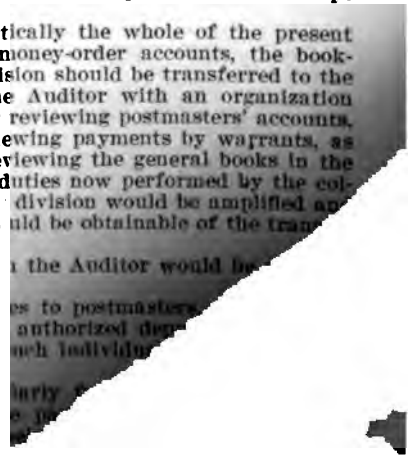
(*a*) That the final custody of all original papers and documents relating to the accounts of the service and Department should be with the Comptroller, with a right to the Auditor of access thereto for purposes of review.

(*b*) That the Auditor should be relieved of the duty of keeping the accounts of the Post-Office Department and service, and that his audit should consist of a review of the transactions after they have first been submitted to an administrative audit in the Comptroller's division, and spread upon records kept in that office.

(*c*) That no audit of the money orders issued and paid should be required of the Auditor for the reason that moneys relative thereto are trust funds and do not affect the general funds of the Government except as to revenue therefrom, which would be audited for his purpose by totals from the records kept in the Comptroller's division, and generally

(*d*) That the review by the Auditor would, with certain exceptions, resolve itself into a check of the figures spread on the books in the Comptroller's division, rather than be an independent check from independent records kept in the Auditor's office.

It has been previously suggested that practically the whole of the present divisions of the Auditor's office relating to money-order accounts, the bookkeeping division, and the clerks in the pay division should be transferred to the Comptroller's division, which would leave the Auditor with an organization consisting of the present collecting division for reviewing postmasters' accounts, the review clerks in the pay division for reviewing payments by warrants, as well as the general staff for the purpose of reviewing the general books in the Comptroller's office and other purposes. The duties now performed by the collecting division as the review clerks in the [illegible] division would be amplified and perfected in order that a proper verification [illegible]uld be obtainable of the transactions of the Department and service.



As already stated, the authorities wi[illegible] the Auditor would be for passing expenditures would be:

(*a*) Copies of the orders granti[illegible] to postmasters be signed by the director of post[illegible] authorized de[illegible] supported by journal or[illegible] such individu[illegible] summarized.

(*b*) Orders for pa[illegible] from quarter to qu[illegible] transportation of ma[illegible] sheets, upon which the[illegible]

(*c*) Carbon cop[illegible] of being filed permai[illegible]

It would not be nec[illegible] sheets in resp[illegible] do not recur [illegible]

heads had authorized the payments would be placed upon the original vouchers, which would pass through his hands, as already outlined in this report.

The accounts of postmasters would be received in the Comptroller's division and after administrative audit and entry upon records kept in that division would be passed to the Auditor's office for review, after which the accounts would be returned to the Comptroller's office for filing, although, as previously explained, the Auditor would always have the right of access to such files. It would not appear necessary for ledgers to be kept in the Auditor's office for the postmasters' accounts, as such accounts could, after audit, be compared with the ledgers kept in the Comptroller's division, and all that the Auditor would require after checking the postmasters' ledger accounts would be a copy of the final recapitulation of postmasters' accounts for each month.

The vouchers for payments by warrant would be forwarded by the executive divisions to the Comptroller's division, where they also would be subjected to an administrative audit and spread upon voucher records kept in that division, after which they would be passed, together with a duplicate copy of the voucher records, to the Auditor's office. After such payments had been reviewed in the Auditor's office and compared with the duplicate copies of the voucher records, the vouchers would be detached from the warrants and returned to the Comptroller's division and the warrants signed and sent to the finance division. The copies of the voucher records would, however, be retained in the Auditor's office.

Inasmuch as the Auditor would be held accountable to the Secretary of the Treasury for any overexpenditure on appropriations granted by Congress, it would be necessary for him to keep an appropriation ledger which would be written up from the copies of the voucher records in respect of payments by warrant and from the recapitulation by Postmasters' accounts, which would be supplied him by the Comptroller. An essential feature of the duties of the Auditor's office would be to verify the distribution of expenditures and at the close of each month or quarter an agreement should be made with the appropriation accounts kept in the Comptroller's office.

SECTION X. SUGGESTIONS ON WORK OF DIVISIONS.

In this section of the report it is intended to submit some suggestions in detail on matters which, though of minor interest in comparison with the main subjects dealt with, are still of considerable importance.

Although for the sake of convenience to those who will eventually consider them, these suggestions will be grouped in the same sequence as the comments on the present organization, it is intended that they should be considered in relation to the proposed reclassification of divisions and sections and to the other main reforms recommended with which they will be found to harmonize.

1. ASSISTANT ATTORNEY-GENERAL FOR THE POST-OFFICE DEPARTMENT.

It would seem that the duties of this office at the present time are extended considerably beyond those of a legal adviser. It is suggested that the consideration and settlement of claims of all kinds, not involving questions of law, might well rest with the division concerned, the chief of which would consult the Assistant Attorney-General whenever he thought necessary.

The work of this office will be further reduced if the suggestions elsewhere made for the reduction of the losses of currency in transit from postmasters to designated depositaries are adopted, either by the use of bank drafts or by the provision of suitable bullion bags.

It was formerly the practice to print in the report of the Postmaster-General a report of all claims finally disposed of in this division and, although this practice has been discontinued the list is still prepared. So far as the record is concerned the same information will, under the proposed system, be on file in the Comptroller's office and the preparation of the list in the office of the Assistant Attorney-General should be discontinued.

Considerable saving of the time of heads of departments would be effected if claims approved in this office were entered on weekly journal order sheets so that only one signature would be required for all claims on a sheet instead of the Postmaster-General or his assistants being required to sign the individual certificates as at present.

2. PURCHASING AGENT.

While the system in this office, as laid down in the order of the Postmaster-General, No. 553, dated July 17, 1907, is a great improvement upon the conditions which preceded it, it still has certain defects which should be remedied. The purchasing agent should be relieved from the responsibility of keeping expenditures within the amount of the appropriations and should be required merely to enter into contracts and to order deliveries on requisitions made by the head of the supply division which would administer all supplies and with which should rest the responsibility for not exceeding appropriations. It will, therefore, be quite unnecessary for the purchasing agent to be furnished with accounts showing the status of the various appropriations as provided in the above mentioned order.

The system of purchasing supplies for the post-offices should be superseded by one under which all supplies would be purchased directly by the purchasing agent. The system of district offices suggested in this report provides the necessary means, as thereunder each district office will have a storeroom from which small supplies for all post-offices in that district may be distributed. The present practice of bureau and division chiefs issuing orders to contractors to make deliveries, countersigned by the purchasing agent, should be discontinued. They should instead make requisitions on the supply division which would, in turn, make requisition on the purchasing agent. The latter should make out orders in quadruplicate, one copy for the supplier, one to the division of supplies, one to the Comptroller's office, and one to be retained by the purchasing agent.

The receiving clerk should report the receipt of the goods to the purchasing agent on a form (carbon copy) signed also by the committee of inspection so that the purchasing agent may be kept informed as to the status of deliveries under any contract or order.

As noted in our recommendations on the supply division the control of all supplies including stamps and stamped paper, mail bags, and stationery supplies for the Post-Office Department and service should be transferred to the supply division, the responsibility of the purchasing agent ceasing with the delivery of the goods to that division in accordance with the specifications.

No correspondence with contractors should be conducted by the supply division or by divisions receiving supplies.

It would be unnecessary for the purchasing agent to keep records other than those showing the existence and state of contracts, record of orders and the usual records of current prices to enable him to purchase to the best advantage. The keeping of appropriation books, ledger accounts with contractors, and records of allowances to postmasters, which are at present kept in his office, should be discontinued. It should be noted here that in spite of the recent order issued by the Postmaster-General the purchasing agent still keeps records of expenditures on certain appropriations thereby unnecessarily duplicating the work of the Department.

The present method under which the purchasing agent is required to certify bills for payment should be abandoned and the Comptroller's office placed in a position to pass all bills by having on file an original copy of the order issued by the purchasing agent and the original report from the supply division as to the receipt of the goods, together with the report of the inspection committee.

The present practice under which a representative of the office of the purchasing agent is not allowed to serve on the committees for the award of contracts or the inspection of supplies appears to be a good one and should be continued.

3. DIVISION OF THE CHIEF INSPECTOR.

It may be well to recapitulate here the more important suggestions which have been made in different sections of the report in connection with the work of the office of the chief inspector, viz:

That the keeping of a bank account by the chief inspector for collections by his staff should be abolished and that all moneys coming into the hands of the chief inspector should be turned over to the finance division, and by that office deposited in a separate account with the Treasurer of the United States for the credit of the Postmaster-General.

That disbursements from these collections should be made by check or warrant signed by the head of the finance division or one of his representatives and countersigned by the chief inspector, or his authorized representatives.

That summaries of transactions relating to money remitted to Washington along the lines suggested in Exhibit 7a should be prepared in the chief inspector's office and forwarded to the Comptroller's office monthly.

That a monthly statement of the inspector's collections not disposed of should be prepared in the chief inspector's office and sent to the Comptroller's office, which should agree with the controlling accounts kept in the books of the latter.

That certain employees attached to other divisions of the Department, whose duties are more or less similar in character to those of inspectors, should be transferred to the office of the chief inspector.

The first four suggestions call for no further comment, but as to the latter, we may state that the employees who, in our opinion, should be transferred to the office of the chief inspector are as follows:

The 10 special agents attached to the division of salaries and allowances under the First Assistant Postmaster-General, who negotiate for leases of post-office quarters, etc.

The 24 assistant superintendents in the division of railway mail service under the Second Assistant Postmaster-General, whose duties are to visit divisional offices to investigate the conditions under which the service is being performed, obtain bids for existing star routes and report on the necessity for the establishment of new routes and other similar work in connection with the transportation of mails.

The 6 traveling assistant superintendents in the division of registered mails under the Third Assistant Postmaster-General.

The duties of all these employees are in the main similar to those of regular inspectors, and among the advantages which would be derived from consolidation are that there would be a considerable saving in traveling time which could more profitably be devoted to regular inspection work; that each feature of the inspection work would be considered in relation to all other features thereof; and that a considerable amount of duplication would be avoided. The increased dispatch in making inspections which would result from the increase of the inspection staff by approximately 40 men would, we believe, be of great benefit to the service.

As arguments in favor of this change we would point out that there appears to be some loss of time by special agents under the First Assistant Postmaster-General in connection with the work of obtaining proposals for leases, as these agents are obliged, in many cases, to wait at points where contracts are to be made until the preliminaries are completed. If these agents acted in the capacity of regular inspectors such time could be devoted to checking up the offices and other work of inspection. Furthermore, we find that in any case a considerable portion of the work of special agents is at present done by the regular inspectors, so that the latter, or at least certain of them, must be familiar with the duties of special agents.

Again, if all inspectors are independent of the departments responsible for the different branches of the service there will undoubtedly be freer expressions on their part of opinions not only in regard to defects and inefficiencies in the detailed conduct of the service, but also as to the general methods and policies. It might also be mentioned that the presence of special agents and assistant inspectors in offices where inspectors are engaged in secret inquiries often tends to put the staff of such officers on their guard and to defeat or delay the work of the inspectors. Such occurences would easily be avoided by the coordination of the work of both classes of employees under one head.

The consolidation suggested would be particularly desirable in regard to the 24 assistant superintendents attached to the office of the Second Assistant Postmaster-General for the reason that at present the whole management and inspection of transportation is vested and all complaints dealt with in one bureau, with practically no outside check.

In the course of the investigation in this office it was brought to our attention that considerable delay in answering inquiries relating to the nonreceipt of registered letters results from the fact that it is necessary often to communicate with several different offices before the letter is traced, and that each office replies direct to Washington. We would suggest that a form should be adopted which might be circulated until the requisite information is obtained, this form being sent in the first instance to the office most likely to be in a position to answer the inquiry, and each receiving postmaster forwarding it to the next office in sequence until the information necessary for the inspection division to deal with the complaint has been obtained.

We notice that Form 521a (being a cash statement sent in by the inspectors in charge at the close of each month) contains 5 unnecessary columns, the information in which is duplicated in other columns of the same statement, and we are of opinion that this form could be reduced to at least one-half its present size and contain all the information which is at present shown.

The offices of this division are spread over three floors and the benefits of a general consolidation of offices which is suggested later in this section would be particularly felt therein.

4. DIVISION OF APPOINTMENTS.

The records relating to the establishment of fourth-class offices and the appointment of postmasters for such offices could more conveniently be kept on cards (as is done in the case of Presidential appointments), instead of in books.

The method of handling surety bonds varies in each division of the bureau of the First Assistant Postmaster-General, particularly as to the time of inspection, the period of renewal, and even on the question of renewal at all (the clerks' and carriers' bonds not being renewed every four years), and these inconsistencies appear to call for an investigation as to the desirable points of each method and the adoption of a uniform system for all.

All bonds of postmasters are required to be renewed every four years and under the present system, in order to determine which bonds expire in any one month, it is necessary to go through the bonds for approximately 65,000 postmasters. We are informed that this is done every six months and all expirations accruing during the period are then entered in a book. Besides involving a good deal of unnecessary work, the present system is deficient in that it affords no assurance that all bonds expiring during the six months are properly noted. We would suggest that all bonds should be filed under date of expiration, and indexed alphabetically by States.

Complaints are, at present, received in the division of appointments, but, as already suggested, they should be referred to and investigated by the division of the chief inspector.

5. DIVISION OF SALARIES AND ALLOWANCES.

The form for granting allowances, in use in the division of supplies, on which the postmaster is required to report any unexpended balance at the end of the quarter in which the authorization is granted, appears to be a good one, and might with advantage be considered for adoption in the division of salaries and allowances. The receipt of this information permits of the unexpended balances being added to the available appropriations and of the service thus getting the fullest benefit from the appropriations made.

As suggested under the head of "Division of the chief inspector," the 10 field or special agents, who attend to the establishment of post-office quarters and equipment, should be transferred to the force of the chief inspector.

Much time seems to be spent in this division in connection with the filing of bonds of clerks holding inferior positions which are taken by postmasters for their own protection, but which are not required under the regulations. The practice of filing such bonds appears to have grown in the Department without any definite object other than that of courtesy to the postmasters, and is admitted to be an entirely unnecessary proceeding, inasmuch as the postmaster is held liable for the acts of his clerks under his personal bond. We therefore recommend that this practice be discontinued and that postmasters who choose to take bonds not required by the regulations should retain them personally.

6. DIVISION OF CITY DELIVERY.

As stated under the heading of "Division of appointments," bonds of carriers which are required under section 87 of the Postal Laws and Regulations of 1902 are not renewed every four years, as would appear to be called for under the act of March 2, 1895 (chapter 177). We understand that this matter has been under discussion in the Department on several occasions and the final conclusion reached was that the requirement for renewal every four years applied only to postmasters and not to carriers and clerks in post-offices, but this decision does not appear to have been based on a ruling of the Assistant Attorney-General or to be in accordance with the intention of the law. As a result of the omission to require a renewal of clerks' and carriers' bonds every four years, there is no certainty that the sureties on all personal bonds are still

living or are financially responsible, as the Department leaves it to postmasters to inform them when it is desirable to obtain new bonds. This condition emphasizes the need for a thorough investigation with a view to establishing a uniform practice as suggested under the heading of "Division of appointments."

In Section III, 2 (c) of this report, we called attention to the delay in determining on the necessity of additional carriers, and cited a specific instance where four separate inspections were made before it was finally decided how many carriers were to be appointed. This unsatisfactory state of affairs points to the desirability of keeping proper statistics showing the quantity of mail handled, the number of miles covered, etc., in offices operating under the same conditions, and, as already suggested, it would be one of the duties of the statistical section of the Comptroller's division to prepare such statistics.

7. DIVISION OF RAILWAY ADJUSTMENT.

(*a*) *Railway mail transportation.*—The history of this subject affords perhaps the most striking illustration of the disadvantages under which the Department labors in having no permanent head to guide its policies and conduct its administration. It could not reasonably be expected that a question of such intricacy could be mastered by an official who has at the outset no expert or practical knowledge of the subject and holds office only for a comparatively brief term, during which the current duties occupy the greater part of his time.

No intelligent study of the effects of the act of 1873 appears to have been made by the Department, nor have such records been kept as would show the workings thereof with special relation to the constantly increasing volume of mail from year to year. In the absence of this information it has been necessary to appoint commissions from time to time to investigate the matter with a view to ascertaining the equity of the existing rates and the possibility of effecting economies by reducing them without injustice to the railroads. The latest of these commissions, appointed in the year 1898, found itself compelled, in the absence of data in the Department bearing on the question, to suspend its session for a lengthened period while a railway statistician was engaged in compiling such figures as could be gathered together to afford some basis on which consideration of the subject could be undertaken. Although this commission extended its hearings over a period of three years its conclusions were necessarily rendered indecisive by the lack of definite and complete information and its recommendations were qualified accordingly.

We can not, however, find that any change was made by the Department in its records in view of the findings of this commission or any action taken in relation thereto until the early part of the present year, 1907, when a circular was issued to railroads, under the authority of an act bearing date March 3, 1879, calling for statistical information in considerable detail relating to the operation, receipts, and expenditures of railroad companies transporting the mails.

In the course of a cursory review of the evidence contained in the report of the commission of 1898 we were impressed by the fact that, although the question was exhaustively tested by the application of principles of political economy and the laws of railroad transportation established by the operation of freight and passenger traffic, yet little consideration appears to have been given to the practical working of the act of 1873 and the actual effect of the divergent rates of payment fixed therein, including the extra compensation on routes where full railway postal cars were in operation.

The importance of railway-mail pay in the annual expenditures of the Post-Office Department and the constant increase that takes place from year to year is illustrated by the following figures of the appropriations for the years 1896, 1906, 1907, and 1908:

Year.	Railway compensation.	Special compensation for R. P. O. cars.	Railway mail service.	Total.
1896	$26,500,000	$3,205,000	$7,433,000	$37,138,000
1906	41,189,000	5,875,000	14,490,500	61,554,500
1907	43,000,000	5,875,000	15,308,000	64,183,000
1908	44,660,000	5,080,000	17,749,443	67,489,443

The appointment seems to be urgently called for of a traffic manager of the highest qualifications whose position should be permanent and who should devote his time to a study of the necessarily changing conditions of transportation of the mails and to securing the most economical and efficient arrangements therefor. We have already recommended the appointment of such an official under the title of "assistant director of transportation" and we would again emphasize the necessity of the appointment being a permanent one in view of the complexity of the existing methods of compensation, the intricacy of detail, and the varying nature of the conditions of the service, all combining to render close study and prolonged application necessary to a proper mastery of the subject.

Among the principal duties of such an official would be the supervising of the collection of all data and information necessary to a complete review of the existing conditions as a preliminary step to any change in organization and methods of transportation, and the following suggestions outline the manner in which such information should be recorded.

(*b*) *Records of transportation and loading of mail.*—To show clearly the relationship between the services rendered by railroads and the compensation paid, records classified under the following heads should be kept: (1) Pouch and Sack Service; (2) Storage Car Service; (3) Compartment Car Service; (4) R. P. O. Car Service; (5) Classification of Routes According to Weights; (6) Classification of Routes According to Railroad Systems.

These records should be in the fullest detail and should be prepared from route books and returns furnished quarterly by the divisional offices of the Railway Mail Service. The information they would contain would be somewhat as follows:

(*1*) *Pouch and Sack Service.*

Route number, distance (miles), average daily weight, ton-miles cost, all as ascertained at the quadrennial weighings; number of pouches and sacks quarterly as obtained from periodical returns.

(*2*) *Storage Car Service.*

The same particulars as in the pouch and sack service, with the addition of the number of storage cars for each quarter.

(*3*) *Compartment Car Service.*

Route number, distance (miles), average daily weight, ton-miles, and cost all as ascertained at the quadrennial weighings; number of cars, size of cars, number of clerks, number of pouches, number of pieces and number of sacks quarterly from periodical returns.

(*4*) *R. P. O. Car Service.*

Similar to (3) compartment car service with additional columns for weight, compensation, and special compensation (the total being cost).

These records should be ruled with interleaves, to last for four years. The quadrennial returns of each route should be made up in form to correspond with the above four headings. The totals of the records should show the total mail carried on the railroads, divided under the four service heads, and by means of the tests provided for in another part of this report, the equivalent weight of pouches, sacks, and number of pieces of mail could be ascertained. The proportions of mail conveyed by each service would thus be obtained and a consideration of the feasibility of arranging different rates of compensation for the different services would be possible.

A study of the conditions in each route or section of a route would reveal the possibility of effecting economies in the loading of mail, demonstrate the capacity of a car and indicate the advisability of employing additional R. P. O. cars or, conversely, substituting compartment cars for R. P. O. cars where the mail might be insufficient to warrant the use of the larger car. The practicability of carrying all matter other than first-class in storage cars could also be determined and the data would afford a definite basis for the consideration of such questions as the proper rates for second-class matter. The actual pay for R. P. O. cars would also be shown—that is, the cost, inclusive of both the special

compensation for R. P. O. cars and the ordinary compensation on the basis of weight.

(5) *Classification of routes according to weights.*

A classified statement is required showing in detail the routes falling under the different weight classifications prescribed by the Act of Congress of 1873. This record should contain route number, distance, average daily weight, ton miles, number of trains, number of compartment cars, number of R. P. O. cars, number of clerks, compensation, R. P. O. car compensation, total compensation, all as shown by the quadrennial weighing.

The record of routes of each class should be subdivided under the four heads: Pouch and sack service, storage-car service, compartment-car service, and R. P. O. car service. From this record would be obtained the information as to the proportions in which the railroad compensation is distributed over the routes falling under the different weight classifications. Additional records of the estimated cost of railway paid messenger service on each route should be added to enable the effect of this cost on low-rated and high-rated routes to be ascertained.

(6) *Classification of routes according to railroad systems.*

A further record that might prove to be of value would be a classification of routes in this form. The average rate of payment to each railroad system would be shown, and a comparison of these rates in the light of the published train cost of each railroad would show which companies were apparently obtaining greater benefits from the transportation of mail than others.

Geographical divisions for quadrennial weighing.

In view of the valuable statistics as to railways compiled by the Interstate Commerce Commission and their relation to mail transportation it is suggested that the division of the country by the railway adjustment division for the purposes of the quadrennial weighings should be revised to coincide with the geographical divisions adopted by the Interstate Commerce Commission in their railway accounts. If the suggestion for continuous weighing by routes be adopted, this could be done without great difficulty.

(c) *Transportation of equipment.*—Having regard to the fact that at least one-third of the amount paid to railroads annually for transportation is for the cost of carrying the equipment used for the conveyance of the mail, this question is one of primary importance, and the following figures, taken from the preliminary weight sheets for the first month of the special weighing of the mail for 1907, afford instructive reading:

	Number of post-offices.	Weight of—			Percentage of equipment—	
		Mail.	Equipment.	Empty equipment.	To weight of mail.	To total weight.
		Pounds.	*Pounds.*	*Pounds.*		
First-class post-offices	309	75,453,901	17,502,724	854,544	24.3	19.57
Second-class post-offices	1,355	7,225,323	7,306,016	154,378	103.2	50.80
Third-class post-offices	4,301	4,296,104	5,756,252	191,069	138.5	58.06
Fourth-class post-offices	47,069	3,267,359	15,551,315	181,831	481.5	82.90
Total	53,034	90,242,687	46,116,307	1,391,822	52.6	34.48

The statistical value of these figures is doubtless somewhat affected by the inclusion of second-class matter, and we have therefore attempted to arrive at similar figures from which the second-class matter is excluded though this can only be done in a very general way on the basis of approximate weights and percentages derived from different sources. In his testimony before the Commission on second-class mail matter in 1906 the Hon. Edwin C. Madden estimated the weight of second-class matter to be 67.68 of the whole; the report of the Postmaster-General for 1900 shows an average of 46 pounds of second-class matter to a sack and the weight of a sack is given in the official bulletin June 28, 1907, as averaging 3 pounds and 7 ounces. Adopting these various

estimates and assuming that substantially the whole of second-class mail originates in first-class post-offices, the following statistics are arrived at:

Table of July, 1907, weights with second-class matter eliminated.

	Number of post-offices.	Weight of—		Percentage of equipment (excluding empties).	
		Mail.	Equipment.	To weight of mail.	To total weight.
		Pounds.	*Pounds.*		
First-class post-offices	309	75,453,901	17,502,724		
Deduct second-class mail		61,076,250	4,564,121		
		14,377,651	12,938,603	89.99	47.36
Second-class post-offices	1,355	7,225,323	7,306,016	101.11	50.27
Third-class post-offices	4,301	4,296,104	5,756,252	133.98	57.26
Fourth-class post-offices	47,069	3,267,359	15,551,315	475,96	82.63
Total	53,034	29,166,437	41,552,186	142.46	58.75

The only figures available for comparison with the foregoing are those given in the report of the Postmaster-General for 1900, and, after eliminating the second-class matter and the weight of the equipment therefor, estimated on the same basis as for 1907, it would appear that the weight of equipment in the year 1899 was 228.46 per cent of the weight of the mail. There seems, therefore, to have been a very great reduction made in equipment weight since that date, but the present percentage of 142.46 from a business standpoint can scarcely be regarded as satisfactory, while the percentage of 475.96 in fourth-class offices indicates a condition wholly incompatible with economical transportation.

It is not only in the form of equipment, but also in its use that economies should be introduced, and in cases where the returns from fourth-class offices show disproportionate figures (such as 250 pounds of equipment to 5 pounds of mail) investigations should be made with a view to reducing the number of pouch exchanges. It would seem that some lighter form of equipment than a pouch weighing 5 pounds or more could be found to convey the few letters emanating from an office where such conditions obtain. One economy that would seem to be practicable is the substitution in fourth-class offices of a wax or lead seal for the present lock weighing 5½ ounces. On the basis of a daily exchange each lock involves an additional 125 pounds per mile of route annually. When the number of pouch exchanges in fourth-class offices is considered, it will be seen that the additional weight paid for is no inconsiderable item.

Before leaving the subject of equipment, attention should be directed to what appears to be unnecessary extravagance in the use of equipment for conveying registered mail. A careful study of the existing methods of treating this class of mail would doubtless disclose opportunities for introducing very great economies, not only in the weight and use of equipment but also by a simplification of the present system, in the cost of handling and transportation.

(*d*) *Route books.*—The route books kept in this division should be altered to include all the information relating to a route, in the following form: Order constituting a route; subsequent orders affecting route; route voucher record sheet containing amount of compensation, fines and deductions, net amount payable, date and number of voucher, date handed to voucher clerk; fines and deduction sheet, showing individual train numbers, train values, fines and deductions levied (and remitted) each quarter and total of same with posting column to voucher-record sheet; route weight sheet showing distance from station to station on route, weight and ton miles; route pouch record sheet, showing trains, mileage, weight and number of pouches carried from point to point of route, compensation, cost of messenger service to (*a*) railroads, (*b*) Department; route compartment car sheet, showing trains, mileage, weight, ton miles and dimensions of cars on route, compensation, number of clerks, cost of messenger service to (*a*) railroads, (*b*) Department; route R. P. O. car sheet showing trains, number of cars, dimensions, weight, mileage, ton miles, com-

pensation, special compensation, number of clerks, cost of messenger service to (*a*) railroads, (*b*) Department.

The route book should, in our opinion, be the official record of all matters pertaining to the route and any information relating to routes required in the Department should be furnished by the route book clerk. Duplicate records in the form of carbon copies would be kept in the Comptroller's office, such as would enable him to check the vouchers and fines and deductions and have a general knowledge of the conditions of the routes in the various services.

(*c*) *Change in length of weighing period.*—The number of days in the present weighing period is not calculated to give a correct average daily weight, owing to the fact that the period includes three and one-half months, and inasmuch as the bulk of second-class mail moves during the last ten days of a month, the half month must necessarily disturb the daily average. A period should be adopted consisting of complete months and preferably also of complete weeks.

(*f*) *Continuous weighing in smaller sections and mail weighers.*—In accordance with suggestions already made in this report, an alteration should be made in the method of carrying out the quadrennial weighings. More satisfactory results could be obtained by the continuous employment of mail weighers, who would become thoroughly experienced in the work and would acquire an intimate knowledge of the manner in which the weighing should be carried out and the weights recorded as prescribed by the Department.

(*g*) *Computation of weights and calculating machines.*—The method under which calculations are made and checked in the same division, clerks interchanging their work, is not satisfactory. The check and also the tabulation of the weights of mail in post-offices should be made in the Comptrollers' office.

The division should also be supplied with calculating machines to expedite the work and minimize the chance of error.

(*h*) *Freight and express section.*—Freight and express charges on stamped envelopes, wrappers, and postal cards should be authorized by the stamp section of the supply division. Freight and express on empty equipment should be under the administration of the section of equipment, and the present freight and express section would consequently be abolished.

8. DIVISION OF CONTRACTS.

(*a*) *Route books.*—These books should contain all the information relating to the routes in a form somewhat similar to those described under the head of route books in the railway adjustment division. They should include a record of all bids tendered and an epitome of the contract awarded on each route.

(*b*) *Form of contract.*—In view of the elaborate form of proposal and advertisement, containing all the conditions of the contract, there should be substituted for the formal contract now in use a simple form of acceptance by the Department of a proposal. There being some 4,000 contracts awarded annually, the adoption of this suggestion would effect a considerable saving of time, labor, and expense in this division.

9. DIVISION OF INSPECTION.

(*a*) *Transfer of duties of this division to service divisions.*—In view of the fact that the duties of this division commence where the work of the adjustment and contract divisions terminates, it seems unnecessary to keep a duplicate set of books, with the attendant labor involved in recording the daily alterations and changes affecting the various routes, and this division should be merged in the adjustment and contract divisions and the performance of the inspection work carried out by the clerks of those divisions.

It has already been recommended that the checking of the computations of train values and calculations of fines and deductions be done in the Comptroller's office, and it is also suggested that the checking of the railroad affidavits be completed in the divisional offices of the railway mail service, so that the work in this connection would be considerably reduced.

(*b*) *Computation of train values.*—In view of the number of different methods of computing train values at present in force at the various divisional offices of the railway mail service, as described in Section III–3, c of this report, it is recommended that uniformity be established by the adoption of the method found on examination to be most practicable and to give approximately correct results.

need modification to meet administrative requirements or practical difficulties, which would be disclosed in the course of installation.

Greater accuracy could be obtained by the adoption of more varied units of distribution, as, for instance, floor space occupied, but at the present time accurate figures for such units would be almost impossible to obtain, and as the amount which would be distributed on the basis thereof would be relatively small, it has been deemed better, for the present at least, to reduce the number of units to a minimum and to suggest only those for the ascertainment of which provision has been made.

Before actual adoption it would need to be discussed with the Department, amplified, and illustrated by detailed forms, etc., but it would, we feel, be premature, and serve no useful purpose to attempt to elaborate it further before the broad questions raised in the earlier part of this section have been settled and the main outline of the proposed plan approved.

SECTION IX. DUTIES OF THE AUDITOR.

It will be evident that if the recommendations regarding accounting and auditing methods are adopted, the functions and organization of the office of the Auditor for the Post Office Department will be changed considerably.

Prior to the installation of the proposed system numerous amendments of existing laws would require to be made, the most important of which would probably be needed in connection with the suggestions—

(*a*) That the final custody of all original papers and documents relating to the accounts of the service and Department should be with the Comptroller, with a right to the Auditor of access thereto for purposes of review.

(*b*) That the Auditor should be relieved of the duty of keeping the accounts of the Post-Office Department and service, and that his audit should consist of a review of the transactions after they have first been submitted to an administrative audit in the Comptroller's division, and spread upon records kept in that office.

(*c*) That no audit of the money orders issued and paid should be required of the Auditor for the reason that moneys relative thereto are trust funds and do not affect the general funds of the Government except as to revenue therefrom, which would be audited for his purpose by totals from the records kept in the Comptroller's division, and generally

(*d*) That the review by the Auditor would, with certain exceptions, resolve itself into a check of the figures spread on the books in the Comptroller's division, rather than be an independent check from independent records kept in the Auditor's office.

It has been previously suggested that practically the whole of the present divisions of the Auditor's office relating to money-order accounts, the bookkeeping division, and the clerks in the pay division should be transferred to the Comptroller's division, which would leave the Auditor with an organization consisting of the present collecting division for reviewing postmasters' accounts, the review clerks in the pay division for reviewing payments by warrants, as well as the general staff for the purpose of reviewing the general books in the Comptroller's office and other purposes. The duties now performed by the collecting division as the review clerks in the pay division would be amplified and perfected in order that a proper verification would be obtainable of the transactions of the Department and service.

As already stated, the authorities with which the Auditor would be supplied for passing expenditures would be:

(*a*) Copies of the orders granting allowances to postmasters, which would be signed by the director of post-offices or his authorized deputy, and further supported by journal order sheets, on which such individual orders would be summarized.

(*b*) Orders for payments which recur regularly from month to month or from quarter to quarter, as, for instance, the payments under contract for transportation of mails, etc., these orders also being supported by journal order sheets, upon which the individual orders will be summarized.

(*c*) Carbon copies of all vouchers for payments by warrant, these copies being filed permanently in the Auditor's office.

It would not be necessary for the Auditor to receive orders or journal order sheets in respect of payment by warrant for specific services or supplies which do not recur regularly, as the proper signatures showing that the administrative

heads had authorized the payments would be placed upon the original vouchers, which would pass through his hands, as already outlined in this report.

The accounts of postmasters would be received in the Comptroller's division and after administrative audit and entry upon records kept in that division would be passed to the Auditor's office for review, after which the accounts would be returned to the Comptroller's office for filing, although, as previously explained, the Auditor would always have the right of access to such files. It would not appear necessary for ledgers to be kept in the Auditor's office for the postmasters' accounts, as such accounts could, after audit, be compared with the ledgers kept in the Comptroller's division, and all that the Auditor would require after checking the postmasters' ledger accounts would be a copy of the final recapitulation of postmasters' accounts for each month.

The vouchers for payments by warrant would be forwarded by the executive divisions to the Comptroller's division, where they also would be subjected to an administrative audit and spread upon voucher records kept in that division, after which they would be passed, together with a duplicate copy of the voucher records, to the Auditor's office. After such payments had been reviewed in the Auditor's office and compared with the duplicate copies of the voucher records, the vouchers would be detached from the warrants and returned to the Comptroller's division and the warrants signed and sent to the finance division. The copies of the voucher records would, however, be retained in the Auditor's office.

Inasmuch as the Auditor would be held accountable to the Secretary of the Treasury for any overexpenditure on appropriations granted by Congress, it would be necessary for him to keep an appropriation ledger which would be written up from the copies of the voucher records in respect of payments by warrant and from the recapitulation by Postmasters' accounts, which would be supplied him by the Comptroller. An essential feature of the duties of the Auditor's office would be to verify the distribution of expenditures and at the close of each month or quarter an agreement should be made with the appropriation accounts kept in the Comptroller's office.

SECTION X. SUGGESTIONS ON WORK OF DIVISIONS.

In this section of the report it is intended to submit some suggestions in detail on matters which, though of minor interest in comparison with the main subjects dealt with, are still of considerable importance.

Although for the sake of convenience to those who will eventually consider them, these suggestions will be grouped in the same sequence as the comments on the present organization, it is intended that they should be considered in relation to the proposed reclassification of divisions and sections and to the other main reforms recommended with which they will be found to harmonize.

1. ASSISTANT ATTORNEY-GENERAL FOR THE POST-OFFICE DEPARTMENT.

It would seem that the duties of this office at the present time are extended considerably beyond those of a legal adviser. It is suggested that the consideration and settlement of claims of all kinds, not involving questions of law, might well rest with the division concerned, the chief of which would consult the Assistant Attorney-General whenever he thought necessary.

The work of this office will be further reduced if the suggestions elsewhere made for the reduction of the losses of currency in transit from postmasters to designated depositaries are adopted, either by the use of bank drafts or by the provision of suitable bullion bags.

It was formerly the practice to print in the report of the Postmaster-General a report of all claims finally disposed of in this division and, although this practice has been discontinued the list is still prepared. So far as the record is concerned the same information will, under the proposed system, be on file in the Comptroller's office and the preparation of the list in the office of the Assistant Attorney-General should be discontinued.

Considerable saving of the time of heads of departments would be effected if claims approved in this office were entered on weekly journal order sheets so that only one signature would be required for all claims on a sheet instead of the Postmaster-General or his assistants being required to sign the individual certificates as at present.

reports, the affidavits are checked at the divisional offices with the abstracts only. The inspection division also receives reports from postmasters at terminal points and in the case of long routes from intermediate postmasters; these are again verified with the railroad companies' affidavits, any discrepancies being referred back to the general superintendent railway mail service, who in turn takes the matter up with the divisional office.

Postmasters' reports should be sent, in every instance, to the offices of the chief clerks of lines, abstracts being forwarded by them to the divisional offices where the railroad companies' affidavits would be completely checked before being forwarded to the Department in Washington. This would reduce the work at present done by the inspection clerks in Washington and would eliminate the dual verification of the affidavit and much correspondence.

The Congressional act, approved June 26, 1906, provides that—

"The Postmaster-General shall require the railroads carrying the mails under contract to comply with the terms of said contract, as to time of arrival and departure of said mails, and it shall be his duty to impose and collect reasonable fines for delay, when such delay is not caused by unavoidable accidents or conditions."

In order to enforce the above act, the railroad companies are required to report in their quarterly affidavits all trains thirty minutes or more late, with the number of minutes in each case and the reason for delay. These affidavits are received by the divisional superintendents, but the late arrivals shown therein are not checked, as they could and should be, in the offices of the chief clerks of lines from the trip reports, and in the case of express trains, from postmasters' reports.

Trip reports.

All trip reports should be sent to the chief clerks of lines, by whom summaries of failures and late arrivals and any other irregularities should be compiled and sent to divisional offices at the close of each month before the trip reports are forwarded to the divisional office for abstracting the errors of clerks and irregularities of service. Clerks in charge of cars make monthly summary reports of mail distributed, which should also be sent to the offices of the chief clerks of lines where they would be summarized and forwarded with the detail sheets to the divisional offices. At the divisional offices assembly sheets should be prepared showing the size of car, number of employees attached to each, mail distributed, etc., for the information of the divisional superintendent who should, in turn, render abstracts to the division of railway mail service at Washington.

Registered mail exchanges.

At present the establishment or discontinuance of all through registered pouches or inner registered sacks must be authorized by the Third Assistant Postmaster-General. Recommendations when made by postmasters are addressed to the Third Assistant Postmaster-General who refers them to the divisional superintendent, railway mail service, through the medium of the Second Assistant Postmaster-General. When the recommendation originates from a railway postal clerk, it passes through the offices of the divisional superintendent, the general superintendent, and Second Assistant Postmaster-General, and is then sent for authorization to the Third Assistant Postmaster-General.

Inasmuch as before any change can be made in the dispatch of registered mails it must be referred and reported upon by the divisional superintendent, railway mail service (all necessary particulars as to connections, etc., being in the hands of these officers), it would appear that much delay and unnecessary correspondence would be obviated by the control of the transportation service of registered mail being transferred to the assistant director of transportation.

Manifold books (registered mail).

It is frequently necessary for railway postal clerks to use manifold books for taking receipts. Authority must, however, be first obtained from the Third Assistant Postmaster-General, the application and reply taking a similar course to that described in the previous paragraph. When registered mail is taken over by the railway mail service and a receipt given, the railway mail serv-

ice is entirely responsible for its safe delivery, and it does not appear that the authority of the Third Assistant Postmaster-General should be required for the use of these books, especially as we are informed that no complete records of the books are kept by him. After authority, these books are obtained in the ordinary course through the supply division, by the divisional superintendents, and are issued to clerks as required and a record is kept by the railway mail service of the points between which they will be used.

12. DIVISION OF EQUIPMENT.

(*a*) *Control of equipment.*—Records should be kept in this division which would enable an approximation of the needs of the service to be made at any period and at the same time, by means of controlling accounts, provide an efficient check upon the inventories at the various depositories and show the receipt and distribution of equipment thereat by means of periodical totals.

(*b*) *Purchases.*—The purchase of all equipment should be made by the purchasing agent on requisition by the Division of Supplies, as in the case of other supplies, and this division should consequently cease to handle bids and prepare orders for the signature of the purchasing agent.

(*c*) *Factory accounts.*—Cost accounts should be kept showing the cost of repairing the different articles handled in the factory and the cost of manufacture of each kind of lock made.

(*d*) *Inventory.*—There is no check on the estimated number of bags, pouches, and locks in use given in the annual reports, these figures being based upon a "careful estimate" made several years ago. Inventories should be taken at intervals by means of returns from all post-offices, R. P. O. cars, and depositories at a given time, and these returns should be so tabulated that the inventories on hand at depositories in the field and at headquarters would be shown separately.

13. DIVISION OF FINANCE.

It will be evident from comments appearing in various sections of this report in regard to the matter of finance, that the work of the division of finance and the records kept therein require complete reconstruction, but it might be well to outline briefly here the proposed general scheme of finance in the field, though doing so involves some repetition. It should be mentioned also that many of the features suggested are already in operation or under consideration.

The consolidation of postal and money-order accounts rendered by postmasters, suggested in Section VI—8, would necessitate each accounting office carrying fixed funds for the purpose of paying money orders, making change, etc., and also to enable each post-office to show the true condition of the finances at the time cash accounts are rendered (somewhat along the present lines of carying a certain amount of funds at money-order offices). The amount of the fund for each office should be fixed by the Department according to its requirements, and constant watch should be kept to see that moneys in excess thereof are promptly remitted to designated depositaries. Cash accounts rendered by postmasters should reflect all receipts and disbursements of every nature up to the date of the account, and the present practice, whereunder postmasters are not allowed to take immediate credit for certain disbursements, such as remittances for which certificates of deposit have not yet been received, should be discontinued.

Postmasters should have authority to draw within fixed limits, on disbursing postmasters when they are in need of funds, just as money-order offices are now permitted to draw on the postmaster at New York.

Since July 1, 1907, fourth-class postmasters have, under an order issued by the Third Assistant Postmaster-General, deposited their surplus funds with disbursing postmasters. The plan appears to be a good one and we would recommend that it be extended to the Presidential offices, a step which we understand is under consideration. This change would do away to a large extent with the necessity for the Department making advances to disbursing postmasters and would also minimize the work in connection with deposits in the Treasury which are immediately drawn out again as advances to disbursing postmasters. The disbursing postmasters should in turn deposit their surplus funds with the treasurer of one of the 9 subtreasuries.

If the receipts at the offices of disbursing postmasters, together with surplus funds of other offices deposited with them, are not sufficient to meet the expendi-

tures made by them, advances should be made on requisition by means of warrant on the Treasury, as at present.

The requirement that postmasters shall remit surplus postal funds in currency through the mails is open to many objections, and it would appear advisable to allow them to remit by means of bank drafts, as is now done in regard to money-order funds. At points where there are no banks which are acceptable to the Department for the purchase of bank drafts suitable bullion bags should be provided for remittances in currency.

Certificates of deposit should, as at present, be prepared in triplicate, one copy being sent to the depositing postmaster, one to the Comptroller, and the third retained in the office of the depository. Transcripts should be prepared in duplicate by disbursing postmasters six times each month, one copy going to the Comptroller's office and the other being retained at the disbursing postmaster's office. There would be received once each month by the Post-Office Department two copies of transcripts prepared by national banks and six times each month two copies of transcripts from the Treasurer and assistant treasurers, one copy in each case going to the Comptroller and the other to the division of finance.

The transcripts received in the division of finance would enable that office to charge the several depositaries (other than disbursing postmasters) with deposits made with them, and also would enable the paid warrants to be checked off against the register of warrants in order to arrive at the amount of outstanding warrants at the close of any fiscal period.

As suggested in the outline of the general accounting system, one account would be kept on the general books with the division of finance, and that office in turn would keep separate cashbooks for the deposits with (*a*) the United States Treasurer and assistant treasurers (service account); (*b*) national banks; (*c*) special account No. 5 (if it is decided to continue this account; (*d*) the separate account to be opened with the United States Treasurer for deposits of inspectors' collections, and (*e*) funds in the hands of the cashier, division of dead letters.

Regarding the deposits with the United States Treasurer and assistant treasurers for service of the Post-Office Department, a summary cashbook should be kept showing in columns for each of these depositories the deposits as shown by the transcripts received six times each month and the total warrants issued each day. This record would enable the division of finance to ascertain the balance on deposit at each of the depositories at the close of every transcript period, and would also enable them to estimate closely the daily balances.

Separate warrant registers should be kept for the United States Treasurer and each of the assistant treasurers, which would be written up in duplicate by means of book typewriters, one copy being sent to the Comptroller's office.

As already suggested, the division of finance should be relieved of the responsibility for keeping expenditures within the amounts appropriated by Congress, and appropriation accounts would not then be needed in the division.

The voucher warrants would be prepared in the divisions under which the expenditures were authorized and signed by the Comptroller and by the Auditor before being turned over to the division of finance. The latter division would accept as correct any warrants having the signatures of the Comptroller and the Auditor affixed. Although the voucher would show in full detail the nature of payment to be made, the warrant portion would also show this information in very brief form, so that the creditors would have some means of identifying the obligation discharged thereby. At present the warrants contain no information whatever as to the nature of payment, nor is there any explanation mailed with the warrants, and the omission entails considerable correspondence.

The warrants, after having been paid by the United States Treasurer or assistant treasurers, should be forwarded with the transcripts to the division of finance and filed in that office, after having been compared with the warrant registers, and lists of outstandings should then be compiled.

In the course of our investigation of the work of this division we noticed that a number of warrants were held in the safe as undeliverable, of which only a pencil memorandum was kept. We would suggest that after every reasonable effort has been made to deliver these warrants to the parties in whose favor they are drawn, they should be canceled and charged back to the depository on which they are drawn and proper entry made setting up the liability in favor of the creditor.

There would appear to be no necessity for the division of finance to sign either the collection drafts or the Post-Office Department drafts (the latter

being used for payment of late postmasters' credit balances, etc.), inasmuch as the division of finance would have no means of determining the correctness or propriety of these drafts except upon information supplied by the Comptroller.

The present method of transferring funds from one Treasury depository to another or from a national-bank depository to a Treasury depository by means of transfer drafts signed by the Postmaster-General alone appears to be satisfactory and we recommend its continuance.

14. DIVISION OF STAMPS.

Under the proposed organization the present "division of stamps" would become a section of the division of supplies, and the suggestion which we have to offer should be considered as applicable to that section and not to the present organization.

There appears to be a considerable amount of unnecessary routine in the handling of requisitions and orders for stamps and stamped envelopes, and the following scheme is suggested as a simple way of providing effective control over stamped supplies sent to postmasters from the time the requisitions are received to the time the shipments are actually acknowledged by the postmasters.

A ledger account should be kept with each postmaster for his stamped supplies which would show the following information, viz:

[Name of post-office_____ Amount of bond $_____ Postmaster_____
Date of commission_____]

Number of order.	Date of order.	Amount.	Date of shipment.	Date received by postmaster.

Distinctive letters and different series of numbers would be maintained for the different classes of supplies furnished, viz: Stamps, stamped envelopes, postal cards, etc.

The requisitions from postmasters should be compared with the ledger as to amount of the bond and as to previous shipments and, if necessary, the amount to be shipped curtailed.

The amount to be shipped having been determined, a set of orders, invoices, etc., should be typewritten in quintuplicate. Although the typewritten details expressed on these documents would be the same on all five copies, the printing would vary according to the use made of each, which would be as follows: The first would be the invoice to the postmaster with detachable receipt coupon; the second, the advice of shipment; the third, the order on the contractor; the fourth, the order on the Department's agent at the factory; and the fifth the file copy.

The invoice, advice of shipment, order on the contractor, and order on the agent (4 in all) would be sent to the Department agent at the particular plants, who would turn over the first three to the contractor and retain the fourth in his files in numerical order. The contractor (under proper supervision by the Department agent) would make up the package for shipment, inclosing therein the invoice with the receipt coupon attached. He would file his order and stamp the advice of shipment with the date of shipment, after which he would turn the latter over to the Department agent. The Department agent would in turn from the advice of shipment stamp the date of shipment on the order retained in his files, after which he would send the report of shipment to the division of supplies in Washington. The postmaster's receipt coupon would in due course be signed and returned to the division of supplies.

The ledger referred to above would be written up as to the "number of order," "date of order," and "amount" from the invoice before it is sent to

the Department agent at the plant. The "date of shipment" would be written up from the advice of shipment returned by the Department agent which, as before stated, would be stamped with the date of shipment. The "date received by postmasters" would be written up from the returned receipt coupon. It would thus be possible to prepare a list at the close of each month of shipments in transit, the total of which should be reconciled with the balance of the account carried on the general books entitled "Stamps and stamped paper clearance account," referred to in Exhibit 7*a*, by taking into account shipments to delinquent postmasters.

The Department agents at the several plants should at the close of each month send statements showing the stamped supplies, (*a*) on hand at the beginning of the month, (*b*) manufactured during the month, (*c*) shipped during the month, and (*d*) on hand at the close of the month. The amount so reported as being shipped should agree in the aggregate with the total individual reports of shipments sent by the Department agents to the division of supplies.

Stamped supplies should be shipped by the contractors to the full amount called for by the orders and no orders should be shipped in part.

The order of the Third Assistant Postmaster General, dated July 13, 1907, calling for an inventory at the close of each week should be amended so that an inventory at the close of each month will be available for comparison with the stock books kept at the various agencies, as well as with the controlling accounts on the general books.

It is not intended that the preparation of advance abstracts should be discontinued as, apart from the good purpose which such abstracts serve in expediting shipments, a check is provided upon quantities, since the total amount of stamps withdrawn from the vault per the advance abstracts must be entirely absorbed by the shipments made from the individual orders.

15. DIVISION OF MONEY ORDERS.

The following general suggestions are made on features of the money order service:

(*a*) *Life of money orders.*—At present a domestic money order is valid for twelve months. It is believed that 95 per cent of these orders are paid within forty days of the date of issue and allowing for direct foreign orders it would appear that the life might quite well be reduced to six months, without any detriment to the legitimate use of these orders. Such a reduction would materially shorten the period required for the complete audit of the issue side of the postmaster's accounts.

Another improvement would permit the postmaster to pay invalid orders on receipt of a certificate from the Department to the post-office given after a search of the paid money order files. At present these payments are made only by warrant, entailing a complicated procedure and providing no more safeguards than the method which we recommend.

(*b*) *Issue of duplicate orders.*—We have pointed out that duplicate orders are at present issued on receipt of a certificate from the issuing and paying postmasters but without any examination of the files of paid orders, and it is found that a great many duplicates are issued in error.

We recommend that in future no duplicate be issued until at least six weeks after the date of the original; that the Comptroller be required to search the files of paid orders and certify that the original has not been passed as paid; and that the practice of postmasters notifying payees of advices remaining on hand and apparently unpaid be abolished. This latter practice is the source at present of many of the erroneous issues of duplicates by reason of the prevalent practice of paying orders without reference to the advice.

We would also recommend that a reasonable fee be charged for every issue of a duplicate order.

(*c*) *Preservation of paid orders.*—In the division of the Auditor for the Post-Office Department, money order division, the paid money orders and postmasters' statements are preserved under the present law for seven years. A committee appointed by the Auditor has already reported that the period of preservation might safely be cut down to five years and we thoroughly concur in this recommendation and further suggest that a period of three years in our opinion should be safe. If the suggested reduction in the period of validity of domestic orders to six months is adopted, this would be an additional reason ing the period of preservation to three years. The only reason for

preserving them for a longer period would seem to be for reference in case of payment of invalid orders; but in all these cases lists are preserved, and under the mechanical method easy reference can be made at any time to the special unpaid cards which would be permanently filed and would occupy little or no space.

(*d*) *Omission of name of payee.*—On the present form of money order in use, the name of the remitter appears, as well as that of the payee. The order in use just previous to the present did not bear the name of the remitter. It has been suggested to us that the absence of the name of the remitter furnishes a protection against the cashing of a lost order by an unauthorized person. On the other hand, the convenience to large corporations to whom a very large proportion of the orders are paid through having the name of the remitter on the order to refer to in cases where it is received in an unsigned letter is so great that the balance of advantage probably lies with the present method of stating the remitter's name. If, however, postal notes are introduced, it would seem well to increase the element of safety in the remittance of larger sums by omitting the name of a payee.

(*e*) *Abolition of advices.*—During our investigation of the conduct of the money order business at the outside offices we have had brought forcibly to our attention the amount of work entailed through use of the advice. The handling of incoming advices, the sorting thereof in such a way that they may be readily referred to when a money order is presented for payment, the correspondence entailed by the non-receipt of advices and the delaying of money orders paid without advices (under the regulations) as vouchers for transmittal to the Auditor until advices are received therefor are matters of serious importance to postmasters in the field. When the orders are paid the advices have to be handled once again and filed away for future reference, in which files they are preserved for four years longer by some post-offices.

The argument for the preservation of the advices appears to be that: (1) They are a protection to paying postmasters; (2) when paid and filed by paying postmasters they afford a ready means of reference when inquiries are made as to the payment of a money order; (3) that they are of importance at the end of a year from the date of issue of the money order if the latter is unpaid, since they are forwarded to Washington by postmasters and a list of orders more than one year old is made up therefrom, the total of which is transferred from the money order to the postal revenue.

Our investigation has convinced us: (1) That on the evidence of postmasters themselves the advices are no protection, but a constant source of irritation and annoyance, since postmasters while directed to pay orders before receipt of the advices are forced to correspond with the issuing postmaster and to obtain a missing advice before they are permitted to use such a "cashed" order as a voucher for transmittal to the Auditor at Washington. Orders drawn on large cities are "cashed" by stations without any reference to advices (which are in fact never received by the stations, but are filed at the main post-office) and postmasters generally are encouraged to pay orders where advices are missing in order not to inconvenience the public. It would appear that the Money Order Department has already, to all intents and purposes, recognized the fact that advices are not necessary for the safe conduct of the business; (2) under a system of prompt audit at Washington inquiries as to paid orders might be referred to the Comptroller, as is now done in Canada; (3) under the suggested mechanical system of audit, the amount of orders more than one year old would readily be ascertained from the blue cards representing outstanding and unpaid orders and no necessity for sending in the advices would exist. It is more than probable that all advices are not received by the Department and that in consequence the amount transferable from money order funds to postal revenue is not accurately ascertained.

It is, therefore, recommended that the system of advices be discontinued, but, if continued, they should be destroyed after two years.

16. DIVISION OF REGISTERED MAIL.

As mentioned in the suggestions on the office of the chief inspector, the 6 assistant superintendents should be detached from this division and assigned to the inspectors' division, and the duties previously performed by these assistant superintendents should become part of the regular duties of the inspectors.

The limited time at our disposal has not permitted us to make a thorough investigation of the registered mail service, but we were impressed with the

extent of routine involved in this branch of the Service and the large percentage of equipment carried in connection therewith as compared with the registered mail matter itself, as already referred to under the heading of "Railway mail transportation, equipment," in this section.

17. DIVISION OF CLASSIFICATION.

The proposed system of accounting and audit provides that the verification of revenue from second-class postage at the pound rate shall be conducted in the Comptroller's office and for this purpose the duplicates of receipts given to publishers, etc., would require to be sent to the Comptroller's office, instead of, as hitherto, to the classification division (or section, as it will be termed under the new organization). As a result of this change the present auditing section in this branch of the Department would be transferred to the Comptroller's office.

18. DIVISION OF REDEMPTION.

In Section III, 4 f we referred to the expense entailed in sending spoiled or unusable stamps and stamped paper to Washington by registered mail. Where the volume of such stamped supplies justifies it, we are of opinion that shipments should be made by freight with a consequent saving in transportation charges.

In regard to spoiled stamped envelopes, it might be arranged that the larger offices should cut the envelopes so that the embossed stamp and return card only need be sent to Washington and destroyed. This would lessen the expense of transportation and reduce the volume of matter to be handled in Washington and the extra expense at the larger post-offices would be comparatively small.

In this connection the establishment of district offices may render it unnecessary to send spoiled stamped supplies to Washington, as committees for the destruction thereof could be appointed from the local representatives of the Department, who would issue certificates for credits to postmasters.

19. DIVISION OF SUPPLIES.

The division of supplies should be charged with the administration of all appropriations for supplies for the Department and service, with the custody of those supplies and with their issue to the various divisions as required on proper authority.

In order to facilitate this work, each district office should have a storeroom under the charge of a supply clerk, reporting through the district superintendent to the division of supplies in Washington. The stock at such district storerooms would be replenished from time to time in the manner hereinafter described. The supply clerks in the various parts of the country would honor requisitions for supplies by postmasters when countersigned by the district superintendent. Card accounts in quantities would be kept of the issues to post-offices, so that additional issues would not be made until it could reasonably be supposed that the last issue had been consumed.

At the present time no reliable records of this nature are kept, and the Department has little knowledge that the supplies which have been purchased are properly distributed throughout the service.

Each head of an administrative division requiring supplies should issue requisitions on the division of supplies, which would be responsible for keeping a sufficient stock of all articles and which would issue the supplies as quickly as possible from such district stores as might be convenient. Where there is no contract and the purchase has to be made in the open market, the division of supplies should be advised of the price before the order is given.

The division of supplies, whenever the stock of any particular article might run low, and assuming that there were sufficient funds in the appropriations available to permit of further purchases, would issue a requisition on the purchasing agent, who would make out an order and send to the division of supplies a copy, from which the appropriation account would be charged, and which would then be sent to the receiving clerk; after the receipt of the goods the receiving clerk would return the order to the division of supplies as a permanent record to substantiate the voucher prepared in that division.

The receiving clerk would issue in quadruplicate a certificate of receipt *having printed* thereon a form for the signature of the inspection committee.

When signed, the four copies would be disposed of as follows: First to the Comptroller; second to the purchasing agent; third to the main section of the division of supplies; and the fourth retained by the receiving clerk as his permanent record.

A requisition on the purchasing agent should specify the district office or point to which the supplies are to be delivered, thereby enabling the purchasing agent to obtain the benefit of advantageous local markets and to save a portion of the freight at present incurred on supplies shipped from Washington to various parts of the country.

The stock ledgers now in use should be remodeled and considerably reduced in size, and the contractor's ledger and the expenditure book should be dispensed with entirely.

An inventory of the stock should be taken from which to open the stock ledgers, and thereafter inventories should be taken periodically and storekeepers should be held accountable for any discrepancies between the stock ledgers and the inventories.

Money-order blanks are sent by registered mail and their delivery can, therefore, be safely assumed. In view of this fact we recommend the discontinuance of the practice of requiring individual receipts from postmasters, which at present are checked off item by item with the entries on the original orders.

Inasmuch as the head of the division of supplies would be responsible for the appropriations for supplies, it would devolve upon him to prepare the estimates upon which appropriations are based. For this purpose he, in turn, would obtain estimates of the probable requirements from the various divisions of the Department. The suballotment of appropriations for supplies would be made by the director of posts.

20. DIVISION OF RURAL FREE DELIVERY.

As stated in the suggestions on the division of appointments and division of city free delivery, the manner of handling bonds, period of renewals, etc., differ in almost every division and section throughout the Department and we have suggested that an investigation should be made for the purpose of adopting a uniform system for all classes of bonds. This suggestion applies equally to the bonds for rural carriers. Under the proposed reorganization of the Department all bonds of every nature will be handled in the office of the register of bonds under the assistant director of appointments and the desirable points, as well as the defects, of each existing method will readily be brought to light when this consolidation is effected.

The 5 sections dealing with the establishment, termination, and rearrangement of rural free delivery routes are crowded to a point where there is insufficient room left to move around the desks, and in many cases the workers have to leave their places in order to allow others to pass. This condition should be remedied, and at the same time we would suggest that all employees operating typewriters should be grouped together, separately from the rest of the staff.

21. DIVISION OF DEAD LETTERS.

It is contemplated in the outline of the proposed accounting system (Exhibit 7*a*) that the dead-letter funds should, by means of bookkeeping entries, come under the general control of the division of finance, although the handling of these moneys would be carried out in the division of dead letters, as hitherto. The term "dead-letter funds" in this sense is intended to cover money found in dead letters but is not intended to cover money orders, bank drafts, and negotiable papers of a similar nature. In order that proper control may be effected over dead-letter funds, monthly statements should be forwarded to the Comptroller's office and the division of finance of all moneys found, which should be certified jointly by the opening and the money branches of the dead-letter office. Statements should be prepared by the money branch and forwarded to the Comptroller's office of all returns to the public during the month, which should be supported by vouchers, registry receipts, or other satisfactory evidence of payment. Copies of these statements should be forwarded to the division of finance. The surplus dead-letter funds should be turned over to the division of finance, as at present, and immediately deposited with the Treasurer of the United States.

Several committees appointed by the Postmaster-General have within the past few years made exhaustive inquiries into the workings of the division of dead

letters and into questions of policy in connection therewith, and their reports appear to contain many excellent suggestions which, if adopted, would considerably lessen the amount of work now devolving upon the division; but apparently, up to the present, very few of these suggestions have been adopted. It appears desirable, therefore, to reiterate certain of these committees' suggestions, along with others which have occurred to us, in the hope that the vast amount of work incidental to this feature of the service will be lessened.

In almost every branch of this Division the work is seriously hampered by the lack of sufficient working space, and steps should be taken to remedy this condition.

Section 2938 of the Revised Statutes provides that the proceeds of valuable inclosures found in dead letters shall be subject to reclamation for four years from the date of recording thereof, during which period the voluminous records have to be kept open. Considering the fact that all due diligence has, prior to sale, been taken to restore the article to the sender, or addressee, and in keeping with the practice of most other foreign countries, it would appear desirable to reduce the time limit to one year, at which time such matter would be disposed of without further recourse on the part of the sender or addressee.

If this change were introduced, articles of a similar nature could be sold in groups, instead of singly as at present, which would result in curtailing the expense involved in the preparation and printing of the annual catalogue, and in other directions, and would in no wise tend to decrease the proceeds received from the sales. Even if the time of reclamation is not reduced to one year, it would appear desirable that sales should be made in groups as, if a claim should be made subsequent to sale, the claimant could receive the proportionate value of the total proceeds of that group.

Newspapers, circulars, samples, and similar matter of no commercial value originating in the United States, and addressed abroad which can not be delivered abroad, are returned by the foreign countries to the division of dead letters in Washington, but might better, it would seem, be destroyed by foreign countries.

The point might also be considered whether it would not be advisable to allow postmasters, under proper restrictions and regulations, to destroy or dispose of certain articles of a perishable nature and unsealed packages containing newspapers, samples, etc., which obviously have no practical value. For purposes of record, postmasters should be required to report, either weekly or monthly, the number of packages so destroyed.

In this connection it might also be considered whether it would not be desirable to maintain branches of the division of dead letters at the several district offices proposed to be established, these branches to make the primary inspection of the dead letters and packages, destroy articles of the second, third, and fourth class matters of no value, return letters and articles of value to the senders or addressees, where possible, and forward the balance of letters and articles of value to Washington, to be there recorded and dealt with. During the year ended June 30, 1906, the total number of dead letters and packages handled was 11,776,737, of which:

Delivered either to senders or addressees	3,713,327
Filed	220,897
Destroyed	7,731,890
Under treatment at the close of the year	110,623
Total	11,776,737

It will be obvious from the above figures that [illegible] of the letters and articles handled could be disposed [illegible] quite as efficiently as at Washington. Apart from [illegible] which now exists in the division of dead letters in transportation, the public would do [illegible] would be returned much more quickly [illegible] tralization of all this work in W[illegible]

It might be well to authorize [illegible] as untanned skins, tobacco, etc., may not be sold at private sale, [illegible] for the annual sale.

(a) Credit to postal service suggested in Section II

credit for mail handled for other Departments of the Government, Congressmen and others entitled to the privilege of free mail.

It would appear that this could be best accomplished by providing for the issue of specially devised stamps and stamp paper for penalty and franked matter to be issued by the Post-Office Department to other Departments at their face value and used at the ordinary rates of postage. This would involve the transfer of the appropriations for the manufacture of penalty envelopes now granted to different departments of the Post-Office Department and an increase in the present appropriation for the manufacture of stamps. Appropriations should also be made in the regular way for all outside Departments for postage which they would incur under this scheme. The increase in the appropriations would, of course, be offset by the increase in the revenue of the Post-Office Department, which would in turn reduce the amount of the grants required from the Treasury on account of the postal deficit.

It may be pointed out that from the point of view of the other Departments the result would be to show more accurately the real expenses and, from the point of view of the Government as a whole, a saving would undoubtedly result from the fact that a substantial portion of third and fourth class matter originating in Departments would be dispatched by cheaper means of conveyance.

In this connection we might call attention to the following extract from a letter addressed under date of January 14, 1907, by the Secretary of State to the Speaker of the House of Representatives in connection with the special weighing of penalty matter originating in the Department of State from July 1 to December 31, 1906:

"It is proper to point out that the computation of cost is deceptive, inasmuch as, were the franking privilege discontinued, the greater portion in weight of third-class matter would not be sent by mail, but would be forwarded by other and cheaper means of transportation."

It is appreciated that the procedure outlined above would involve some extra work on the part of other Government Departments, and, as an alternative, it occurred to us that the other Departments might themselves keep a record of mailings and the amount of postage accruing thereon. It is doubtful, however, whether this scheme would not in the end involve more work than the one suggested and would certainly not be as satisfactory.

(*b*) *Central messenger office.*—Almost every division of the Department has its own corps of messengers for carrying communications between different offices, and considerable expense would be saved if one central clearing office were established having a staff of messengers for the purpose of making rapid and continuous collections and deliveries via the central office, thus reducing the number of messengers and the time consumed in traveling between offices.

In this connection it is observed that messages and papers exchanged between divisions are inclosed in envelopes which are addressed and frequently sealed. This would seem to involve a waste of stationery and time, at least in the case of communications which are not of a private nature, which could be largely overcome by the use of printed labels or by stamping the office of destination on the communication.

(*c*) *Dilatoriness of postmasters.*—In the course of our investigations we were impressed with the dilatoriness of postmasters in ending proper returns to Washington and in responding generally to requests of the Department, as well as with the leniency of the treatment of such delinquencies.

If a fourth-class postmaster has not forwarded his quarterly account to the Auditor within one month after the close of the quarter a notice is sent requesting that he do so. If this request is not complied with a second notice is sent to the surety approximately twenty days after the date of the first notice, or about fifty days after the close of the quarter. In the case of Presidential postmasters, the usual course is to write about thirty days after the close of the quarter, and if attention is not given to the letter within twenty days the chief inspector's office is notified. Three months after the close of the quarter a list of all delinquents is prepared in the Auditor's office and forwarded to the Department, so that the latter may discontinue sending stamps and other supplies and to take such other action as may seem necessary. The number of postmasters who were delinquent three months after the close of the last four quarters, as appearing on such lists, were as follows:

Considering the importance of presidential offices, there appears to be no reason whatsoever why their accounts should not be submitted promptly after the close of each quarter. These comments also apply to the money-order accounts of postmasters.

Laxity on the part of postmasters is further exemplified by the tardiness in receiving reports of the weights of mails originating at post-offices, called for by act of Congress approved March 2, 1907. It is estimated by the Department that the percentage of postmasters who had not sent in any reports of the July weighings by the end of September (two full months after the close of the July weighing) were in a number of representative States as follows:

	Per cent.
Alabama	10½
Maryland	11
California	16
Massachusetts	7
Texas	8
Ohio	7
Wisconsin	9

Requests are being sent to the delinquent postmasters asking them to send in their reports immediately, but it is believed by the Department that a large portion of them have kept no records of the weights, and in such cases estimates will have to be prepared.

Quarter ending—	Presidential postmasters.	Fourth-class postmasters.
September 30, 1906		25
December 31, 1906	2	17
March 31, 1907	1	27
June 30, 1907	4	22

Apparently the Postmaster-General is clothed with sufficient power to enable him to discipline or remove postmasters who are indifferent to their duties, and there appears to be no good reason why the Department should be so lenient. Apart from the resulting lack of discipline, the work of the Department is seriously embarrassed, and the recording of accounting figures and the preparation of correct statistics is retarded.

(d) Standardization of forms.—In Section VII of this report it has been recommended that a forms section be attached to the Comptroller's office, the duties of which would be to standardize the forms at present in use; pass upon new forms to be introduced; keep complete files of all forms in use in the Department and service; receive and consider suggestions as to forms from postmasters and others in the field with a view to giving the whole service the benefit of the meritorious ones; and generally to supervise and keep informed as to this feature of the work.

This section should keep in close touch with the proposed statistical section of the Comptroller's office, so that the forms and records would be devised in such a manner as to facilitate the preparation of the statistics required by the Department, the statements incorporated in the annual reports and the statements required from time to time by Congress.

The establishment of some such forms section is essential, for so long as each branch of the service has the power to devise forms for its use without regard to the effect thereof in other branches of the service duplication and a lack of uniformity is bound to continue.

While in the course of our work numerous suggestions for improvements in the present forms have occurred to us, the time at our disposal has not permitted us to make an exhaustive study of all the forms in use, nor does this appear necessary, as the many changes which have previously been recommended in this report will involve extensive changes and the abolishment of a large portion of the forms. The following are the broad lines upon which the work of the proposed forms section should proceed:

1. All forms should be given distinctive numbers (which is not at present done in many sections of the Department), and may be properly indexed and classified in the forms section so that they may be readily abstracted from the files when required.

2. Where similar information is required by more than one division or section the requisite number of carbons should be made at one operation, and where the same information is used for different purposes in different divisions and sections the printing should be so arranged as to permit of the part common to all being typewritten at one time.

3. Copies of letters, etc., should be obtained by the use of carbons instead of by press copying, except where identical copies of the signed communications as finally sent out are required as potential evidence or for other reasons.

4. A careful study (as recommended in Section VI—General filing system) should be made of the methods in use in large business institutions with a view to the adoption of modern filing cabinets. Forms should be made of a uniform files to fit such files. Wherever possible the present method of filing by means of "jackets" should be superseded by the flat form of filing, which affords easier access and involves less time and trouble in handling.

5. Card records should be substituted for book records wherever practicable.

6. The use of official postal cards instead of letters should be extended. It was observed that at present most of the standard printed communications are in letter form, which involves unnecessary expense in the use of envelopes and paper.

7. Wherever new forms are desired by any particular division or section those already in use should be carefully examined, so that, if possible, the old forms could, by rearrangement or the addition of columns, be made to show the information intended to be shown by the new forms asked for.

(*c*) *Rearrangement of offices.*—Reference has been made to the inadequacy of the existing office accommodations of the Department and to the necessity for either a larger building or for the conversion into offices of much of the space now occupied by records which have ceased to possess either interest or value. One result of the inadequacy of the accommodation has been that when the needs of a particular division have become imperative space has had to be allotted separated from the main office of the division, and in some cases to-day the offices of a division are scattered over as many as three floors, while the total space occupied is thereby considerably less than a single floor. In connection, therefore, with the increase of the office space recommended, a general rearrangement should also be effected, with a view to not only the present, but also the prospective requirements of the several divisions.

SECTION XI. SUMMARY AND CONCLUSION.

The following is a summary of the more important suggestions made in this report for the improvement of the organization, administration, and accounting of the Post-Office Department and postal service.

(1) That the offices of the First, Second, Third, and Fourth Assistant Postmasters-General be abolished and that a director of posts be appointed at a salary sufficient to attract the best administrative talent in the country, and that he be given sole charge of the operations of the Department and service, subject only to the control in matters of policy of the Postmaster-General as a Cabinet officer.

(2) That assistant directors be appointed to take charge of the main operating divisions of the Service as follows: Post-offices, transportation, appointment, finance, comptroller, inspection, purchasing agent, supplies, and that these divisions be divided into sections as may be required.

(3) That the Comptroller should be in charge of the whole accounting for the Department and service, and that the duties of the Auditor be limited to an audit of all the accounts in the proper sense of the word.

(4) That all post-offices not doing a money-order business be treated as "Non-accounting offices" and that a fixed supply of stamps, stamped paper and postal notes, if the latter are created by law, be supplied to them, to be replenished from neighboring accounting offices, in exchange for cash or its equivalent.

(5) That district offices be created at convenient points throughout the country, organized in minature on the same lines as the Department in Washington, which would supervise the whole of the work in their districts under the direction of responsible officials.

(6) That the director of posts and the assistant directors form an advisory board to meet several times a week and discuss all important questions as they arise, and that a similar advisory board be created at each district office.

(7) That the postmasters' accounts for postal and money order transactions, heretofore kept separately, be merged.

(8) That promotions through all ranks of the postal service below that of the Postmaster-General be made on consideration of merit alone, and that some scheme should be devised by which many of the older employees would be retired.

(9) That the liability for exceeding appropriations be strictly defined, and limited to those who have authorized the expenditures, to the Comptroller and to the Auditor.

(10) That a proper accounting system be installed, along the lines herein laid down, to show the revenues and expenditures of the Postal Service and Department.

(11) That the cost of the several services rendered by the Post-Office Department and Postal Service should be ascertained in accordance with methods herein suggested, either by periodical tests or continuously.

(12) That the use of labor saving devices and machines be largely extended and, in particular, that a mechanical system of auditing money orders be adopted.

(13) That the use of postal notes be adopted, not to exceed $10 in amount, and that thereafter the number of money-order offices be reduced by eliminating all those not issuing 500 money orders per annum.

It must not be assumed, however, that the above list comprises all the important suggestions. Numerous recommendations will be found throughout the report for improvements in matters of detail which it is hardly possible to summarize.

In concluding this report we desire particularly to emphasize the interrelation between the recommendations made herein and to point out that if it be desired to adopt only a part of our suggestions those adopted may need some modification. It will be obvious that the presentation of each suggestion in its relation to the existing conditions would have involved duplication and the discussion of minor improvements, the need for which would cease with the adoption of broader reforms proposed, while to discuss each with reference both to the existing conditions and to the other recommendations could only have proved confusing. We have therefore chosen the third alternative of outlining each proposed method, on the assumption that the other suggestions made will be adopted, and have endeavored in this way to make our recommendations a consistent whole, leaving any modifications thereof which may be necessary in case some suggestions are not adopted to be worked out later.

We trust that a study of this report will sufficiently disclose the volume of detail which required to be investigated, the magnitude of the reforms needed, and the difficulties in harmonizing these reforms with one another and with the needs of a complex organization, which we feel justify the statements made at the outset of this report as to its limitations and to its incompleteness in some minor details.

In closing it seems proper to advert to the comments made in an early portion of this report as to the aim of the report and the spirit in which it has been written and to repeat our acknowledgments of the cordial cooperation of all those with whom our work has brought us into contact.

Respectfully submitted.

DICKINSON, WILMOT & STERRETT,
DELOITTE, PLENDER, GRIFFITHS & Co.

EXHIBIT 2a.

Statistics relating to operations for the eleven years from July 1, 1895, to June 30, 1906.

	1895-96.	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
Estimated mean population	70,232,210	71,536,896	72,841,582	74,146,268	75,450,954	76,751,418	78,048,982	79,367,093	80,703,747	82,027,386	83,371,795
Per cent of increase over previous year		1.858	1.824	1.791	1.760	1.724	1.691	1.689	1.684	1.640	1.639
Postal revenues	$82,499,208	$82,665,463	$89,012,619	$95,021,384	$102,354,579	$111,631,193	$121,848,047	$134,224,443	$143,582,624	$152,826,585	$167,932,783
Per head	$1.1746	$1.1556	$1.2220	$1.2815	$1.3566	$1.4544	$1.5612	$1.6912	$1.7791	$1.8631	$2.0143
Per cent of increase over previous year		.202	7.678	6.750	7.717	9.063	9.152	10.157	6.972	6.438	9.885
Postal expenditures:											
Salaries in post-offices	$26,533,677	$27,280,789	$28,042,503	$29,319,061	$31,512,491	$34,129,587	$36,697,642	$40,395,105	$43,311,646	$45,853,788	$48,239,818
Per head	$0.3778	$0.3814	$0.3850	$0.3954	$0.4177	$0.4447	$0.4702	$0.5090	$0.5367	$0.5590	$0.5786
Per cent of increase over previous year		2.816	2.792	4.552	7.481	8.305	7.524	10.075	7.220	5.869	5.204
City free delivery	$12,713,861	$12,842,277	$13,386,594	$13,800,400	$14,512,190	$15,752,000	$17,123,311	$19,337,986	$20,561,208	$20,919,078	$22,057,177
Per head	$0.1810	$0.1795	$0.1838	$0.1861	$0.1923	$0.2052	$0.2194	$0.2436	$0.2548	$0.2550	$0.2646
Per cent of increase over previous year		1.010	4.238	3.092	5.158	8.547	8.701	12.934	6.325	1.741	5.440
Rural free delivery			$50,000	$149,980	$420,433	$1,749,525	$3,993,707	$8,011,635	$12,640,070	$20,819,945	$24,738,981
Per head			$0.0007	$0.0020	$0.0056	$0.0228	$0.0512	$0.1009	$0.1566	$0.2538	$0.2967
Per cent of increase over previous year				199.960	180.326	316.125	128.274	100.607	57.771	64.714	18.823
Transportation of mails, including compensation accrued to Pacific railroads	$41,532,085	$43,369,783	$44,375,862	$45,638,621	$47,676,882	$48,778,678	$51,003,770	$54,370,161	$57,968,289	$59,822,883	$62,148,199
Per head	$0.5913	$0.6063	$0.6092	$0.6155	$0.6319	$0.6356	$0.6535	$0.6850	$0.7183	$0.7293	$0.7454
Per cent of increase over previous year		4.425	2.320	2.846	4.466	2.311	4.562	6.600	6.618	3.199	3.887
Railway mail service	$7,420,648	$7,729,838	$8,066,603	$8,429,980	$8,838,994	$9,675,437	$10,264,588	$11,228,846	$12,105,550	$13,285,243	$14,177,970
Per head	$0.1057	$0.1080	$0.1107	$0.1137	$0.1171	$0.1261	$0.1315	$0.1415	$0.1500	$0.1620	$0.1701
Per cent of increase over previous year		4.167	4.357	4.505	4.852	9.463	6.089	9.394	7.808	9.745	6.720
Other expenses	$4,490,298	$4,627,445	$4,915,662	$5,090,061	$5,577,709	$6,301,097	$6,550,538	$6,483,756	$6,919,556	$7,793,429	$8,483,306
Per head	$0.0639	$0.0647	$0.0675	$0.0686	$0.0739	$0.0821	$0.0839	$0.0817	$0.0857	$0.0950	$0.0981
Per cent of increase or decrease over previous year		3.054	6.228	3.548	9.580	12.969	3.959	a1.019	6.721	12.629	5.003
Expenses of Post-Office Department	$861,155	$897,363	$881,745	$888,087	$916,470	$985,967	$1,031,724	$1,379,976	$1,416,324	$1,447,062	$1,372,665
Per head	$0.0123	$0.0125	$0.0121	$0.0121	$0.0121	$0.0128	$0.0132	$0.0174	$0.0175	$0.0176	$0.0165
Per cent of increase or decrease over previous year		4.205	1.740	.719	3.196	7.583	4.641	33.754	2.634	2.170	a5.141

a*Decrease.*

Statistics relating to operations for the eleven years from July 1, 1895, to June 30, 1906—Continued.

	1895-96.	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
Postal expenditures—Continued.											
Expenses of Auditor's office..	$570,321	$563,407	$564,639	$560,322	$578,132	$394,609	$624,549	$636,417	$693,059	$767,475	$799,589
Per head.....	$0.0081	$0.0079	$0.0077	$0.0075	$0.0077	$0.0077	$0.0080	$0.0083	$0.0086	$0.0094	$0.0096
Per cent of increase or decrease over previous year.....		a 1.212	.219	a .765	3.179	2.850	5.033	5.103	5.582	10.737	4.184
Total postal expenditures.....	$94,122,045	$97,310,902	$100,283,608	$103,876,512	$110,033,301	$117,967,500	$127,289,829	$141,963,882	$155,615,702	$170,708,903	$181,717,705
Per head.....	$1.3401	$1.3603	$1.3767	$1.4009	$1.4583	$1.5370	$1.6309	$1.7874	$1.9282	$2.0811	$2.1796
Per cent of increase over previous year.....		3.388	3.055	3.583	5.927	7.211	7.902	11.450	9.604	9.699	6.449
Deficit (see Section II of the report).....	$11,622,837	$14,645,439	$11,270,989	$8,855,128	$7,678,722	$6,336,307	$5,441,782	$7,639,439	$12,033,078	$17,882,318	$13,784,922
Per head.....	$0.1655	$0.2047	$0.1547	$0.1194	$0.1017	$0.0826	$0.0697	$0.0962	$0.1491	$0.2180	$0.1653
Per cent of increase or decrease over previous year...		26.006	a 23.041	a 21.434	a 13.285	a 17.482	a 14.117	40.385	57.513	48.610	a 22.913
Percentage of total expenditures to total revenues.....	114.088	117.717	112.662	109.319	107.502	105.676	104.466	105.692	108.381	111.701	108.209

a *Decrease.*

EXHIBIT 2b.

Percentages of yearly increases and decreases per head in revenues and expenditures of Post-Office Department and Postal Service during the eleven years from July 1, 1895, to June 30, 1906.

	1896–97	1897–98	1898–99	1899–1900	1900–1901	1900–1901 over 1895–96	1901–2	1902–3	1903–4	1904–5	1905–6	1905–6 over 1900–1901	1905–6 over 1895–96
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Postal revenues	1.62	5.75	4.87	5.86	7.21	23.82	7.34	8.33	5.20	4.72	8.12	38.50	71.49
Postal expenditures:													
Salaries in post-offices	0.95	0.94	2.70	5.64	6.46	17.71	5.73	8.25	5.44	4.16	3.50	30.11	53.15
City free delivery	.83	2.40	1.25	3.33	6.71	13.37	6.92	11.03	4.60	.08	3.82	28.94	46.19
Rural free delivery	.....	.....	185.72	180.00	307.14	.....	124.56	97.07	55.20	62.06	16.90	1,201.32	.....
Transportation of mails	2.54	.48	1.03	2.66	.59	7.49	2.82	4.82	4.86	1.53	2.21	17.28	26.06
Railway mail service	2.18	2.50	2.71	2.99	7.69	19.30	4.28	7.60	6.01	8.00	5.00	34.89	60.93
Other expenses	1.25	4.33	1.63	7.73	11.10	28.48	2.19	2.62	4.90	10.85	3.26	19.49	53.52
Expenses of Post-Office Department	1.63	3.20	.....	.....	5.79	4.07	3.13	31.82	.57	.57	6.25	28.91	34.15
Expenses of auditor's office	2.47	2.53	2.60	2.67	.....	4.94	3.90	3.75	3.61	9.30	2.13	24.68	18.52
Total postal expenditures	1.51	1.21	1.76	4.10	5.40	14.69	6.11	9.60	7.88	7.93	4.73	41.81	62.64
Deficit	23.68	24.42	22.82	14.82	18.78	50.09	15.62	38.02	54.99	46.21	24.17	100.12	.12

AVERAGE POPULATION PER POST-OFFICE.

	1895–96	1896–97	1897–98	1898–99	1899–1900	1900–1901	1901–2	1902–3	1903–4	1904–5	1905–6
Estimated mean population	70,232,210	71,536,896	72,841,582	74,146,268	75,450,954	76,751,418	78,048,982	79,367,093	80,703,747	82,027,386	83,371,795
Mean number of post-offices	70,212	70,691	72,296	74,285	75,844	76,816	76,434	75,046	72,650	69,631	66,865
Average population per post-office	1,000	1,012	1,008	998	995	999	1,021	1,058	1,111	1,178	1,247

EXHIBIT 2c.

Statistics relating to operations of the money-order service during the eleven years from July 1, 1895, to June 30, 1906.

	1895-96.	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
Estimated mean population...	70,232,210	71,536,896	72,841,582	74,146,268	75,450,954	76,751,418	78,048,982	79,367,093	80,703,747	82,027,386	83,371,791
Money orders issued:											
Domestic	$172,100,649	$174,482,677	$191,354,122	$211,213,593	$238,921,010	$274,546,067	$310,117,252	$353,627,648	$378,778,489	$396,903,434	$444,515,791
Per head	$2.4505	$2.4391	$2.6270	$2.8486	$3.1666	$3.5771	$3.9734	$4.4556	$4.6934	$4.8387	$5.3317
Number of orders issued	23,962,053	25,169,055	27,798,078	29,007,870	32,060,983	35,586,379	40,245,866	45,941,681	50,392,554	53,379,327	58,461,353
Average per order	$7.18	$6.93	$6.88	$7.28	$7.45	$7.71	$7.71	$7.70	$7.52	$7.44	$7.60
Direct foreign	.....	.....	.....	.....	.....	.....	$3,434,028	$4,223,810	$4,673,885	$5,012,781	$5,843,261
Per head	.....	.....	.....	.....	.....	.....	$0.0440	$0.0532	$0.0579	$0.0611	$0.0701
Number of orders issued	.....	.....	.....	.....	.....	.....	228,461	287,673	319,614	343,136	401,770
Average per order	.....	.....	.....	.....	.....	.....	$15.03	$14.68	$14.62	$14.61	$14.54
International	$13,852,616	$13,588,379	$13,239,769	$13,744,770	$16,749,018	$20,072,614	$22,974,473	$31,014,125	$37,876,266	$42,503,247	$57,204,607
Per head	$0.1972	$0.1899	$0.1818	$0.1854	$0.2220	$0.2615	$0.2944	$0.3908	$0.4693	$0.5182	$0.6861
Number of orders issued	985,799	944,185	955,334	968,501	1,102,067	1,247,888	1,311,111	1,626,476	1,888,730	2,163,098	2,634,738
Average per order	$14.05	$14.39	$13.86	$14.19	$15.20	$16.09	$17.52	$19.07	$20.05	$19.65	$21.71
Fees received:											
Domestic	$1,410,078	$1,456,440	$1,599,736	$1,716,320	$1,914,713	$2,145,086	$2,453,223	$2,800,823	$3,039,440	$3,211,644	$3,557,181
Per head	$0.0201	$0.0204	$0.0220	$0.0231	$0.0254	$0.0280	$0.0314	$0.0353	$0.0377	$0.0392	$0.0427
International	$177,021	$173,379	$170,640	$176,309	$210,056	$249,366	$290,509	$371,441	$444,980	$429,572	$559,100
Per head	$0.0025	$0.0024	$0.0023	$0.0024	$0.0028	$0.0032	$0.0036	$0.0047	$0.0055	$0.0052	$0.0067
Commissions paid:											
Domestic	$489,140	$510,892	$570,121	$589,280	$642,284	$700,756	$772,902	$864,182	$930,284	$973,246	$1,059,541
Per head	$0.0070	$0.0071	$0.0078	$0.0079	$0.0085	$0.0091	$0.0099	$0.0109	$0.0115	$0.0119	$0.0127
International	$44,073	$41,810	$38,283	$42,455	$56,283	$62,375	$91,533	$119,178	$146,856	$141,472	$197,943
Per head	$0.0006	$0.0006	$0.0005	$0.0006	$0.0007	$0.0008	$0.0012	$0.0015	$0.0018	$0.0017	$0.0024

Money orders paid:												
Domestic	$171,475,476	$174,302,783	$190,678,429	$211,058,157	$238,022,044	$273,582,258	$309,718,057	$353,173,321	$378,511,407	$396,817,107	$442,338,675
Per head	$2.4416	$2.4365	$2.6177	$2.8465	$3.1547	$3.5645	$3.9683	$4.4499	$4.6901	$4.8376	$5.3056
Direct foreign							$5,502,432	$5,679,803	$6,588,613	$7,517,867	$9,196,054
Per head							$0.0705	$0.0716	$0.0816	$0.0917	$0.1103
International	$5,580,180	$5,815,016	$5,829,856	$6,466,834	$11,098,242	$7,972,454	$5,821,730	$6,003,690	$6,714,846	$7,150,690	$7,664,933
Per head	$0.0795	$0.0813	$0.0800	$0.0872	$0.1471	$0.1039	$0.0746	$0.0756	$0.0832	$0.0872	$0.0919

EXHIBIT 3a.

FEBRUARY 2, 1907.

SIR: Pursuant to your order No. 1359 of November 5, 1906, appointing us a committee "to investigate the existing relations between the office of the purchasing agent and the other offices of the Post-Office Department, particularly with a view to defining the duties of each, in so far as the purchase of supplies is concerned," and to "recommend any necessary changes in the Postal Laws and Regulations," we have inquired into existing relations and find a lack of uniformity of method. We beg to report as follows:

1. Broadly speaking, we believe that an officer having executive direction should control the appropriation and distribution of supplies for his branch of the service, while the purchasing agent should have full supervision of all purchases, and that each should be a check upon the other as hereinafter set forth. Each should see that the appropriation is not exceeded.

2. There are 6,242 presidential post-offices, as well as a number of division headquarters of the railway mail service and of post-office inspectors, which require miscellaneous articles for the conduct of the public business. Among the items needed are coal, wood, oil, gas, electricity, matches, soap, brooms, etc.; these can best be purchased and paid for locally through postmasters under allowances granted by the Department. To effect this with a minimum of work we believe a letter of allowance addressed to the postmaster should be prepared in triplicate by the officer having control of the appropriation and submitted to the purchasing agent for his indorsement thereon of authority to purchase (see Exhibit A herewith showing substantially how this may be accomplished); after his approval, the letter should be returned to the officer who prepared it for his signature and for mailing, one copy being filed in the office of the purchasing agent, the other in the office granting the allowance. When an allowance is asked for office equipment or other unusual items, for which there may be fair competition, bids should be required, the originals to be sent to the purchasing agent and a copy of extract thereof filed in the office granting the allowance should this be deemed necessary. Expenditures by postmasters under allowances should be approved by means of the Postmaster-General's journal prepared in the office granting the allowance, and that portion of the journal which is certified to the Auditor by the Bureau officer should be approved by the purchasing agent in so far as the amounts relate to purchases.

3. For articles paid for by warrant on bills transmitted to the Auditor after administrative examination by the Department, we recommend the following procedure: The officer having control of the appropriation will make written request on the purchasing agent for the thing needed; the purchasing agent, when desired, will furnish the officer with a copy of the order for the goods; when the supplies are received in accordance with the order the proper official will certify that fact to the purchasing agent; the bills will be rendered direct to the purchasing agent, prepared by him for payment, sent to the officer making the requisition for his action, and then by him forwarded through the regular channels to the Auditor for payment.

4. If he deems the interest of the public service demands it the purchasing agent shall withhold action on the allowance or requisition and confer with the officer interested; if they fail to agree, both shall, in writing, lay the case before the Postmaster-General for decision.

5. Both the officer granting the allowance or making a requisition and the purchasing agent should keep accounts so that each may at all times know the condition of the appropriation from which an expenditure is to be made. A comparison of balances should be made at frequent intervals. As some appropriations are available in part for services involving no purchases and in part for supplies, it seems necessary that the Postmaster-General should designate what amounts thereof may be used for supplies.

6. It is recommended that paragraph 2 of section 20½ of the Postal Laws and Regulations, edition of 1902, being order No. 1303, dated November 29, 1904, be amended by striking out all after the first sentence and substituting therefor paragraph 4 of this report; the rest of section 20½ to remain in force unchanged. As amended paragraph 2 will read:

"The requisition for supplies, or the authorization of allowances for purchase of supplies, shall originate in the bureau or office of the Department desiring such supplies or allowances. If he deems the interest of the public service demands it the purchasing agent shall withhold action on the allowance or requisition and confer with the officer interested; if they fail to agree, both shall, in writing, lay the case before the Postmaster-General for decision."

R. P. GOODWIN.
G. G. THOMSON.[a]
C. P. GRANDFIELD.
G. F. STONE.
W. J. VICKERY.
H. M. BACON.
D. W. DUNCAN.

The POSTMASTER-GENERAL.

FEBRUARY 2, 1907.

SIR: In accordance with my agreement, I submit below a memorandum setting forth my objections to the report, in its present form, of the committee to investigate existing relations between the purchasing agent and bureau officers of the Department, etc. The report is returned herewith.

First. My main objection is that the committee has not accomplished what I think the Postmaster-General desires, namely, the submission to him of a comprehensive plan which will enable him to state specifically to the purchasing agent and to each of the bureau officers just what their duties are, so far as the purchase of supplies is concerned.

I have in mind, of course, the views of the other members of the committee that it is not practicable to outline such a plan, but as the controversy between the Fourth Assistant Postmaster-General and the purchasing agent arose from the fact that neither of them has specific instructions as to their respective functions in connection with the purchase of supplies, it is my opinion that the recommendations of the committee will not be of the desired assistance to the Postmaster-General, unless they comprehend a detailed method of handling the matter. It appears that without such recommendations the Postmaster-General is practically where he was before the committee was appointed—in the position of having to determine for himself just where the line is to be drawn. In this same connection, I remember, too, that the committee thinks from the reading of the order of appointment that it is not called upon to make recommendations looking to the detail of methods to be employed. However, as the foundation of the investigation lies in the memoranda, prepared by the purchasing agent and by the Fourth Assistant Postmaster-General, submitted to the committee, and as such memoranda clearly show that the controversy was precipitated by lack of definite instructions, it is very clear to me that the Postmaster-General intended that the committee, in rendering its report, should include such recommendations as would relieve him from the necessity of determining how the recommendations are to be carried out.

In examining the report of the committee which investigated the division of supplies, I find therein a recommendation approved by the Postmaster-General, which reads as follows:

"It is respectfully recommended that his (the purchasing agent) functions be specifically defined so that there may be a uniform, consistent, and proper system of transacting business."

Second. The report, as written, provides that bills will be rendered direct to the purchasing agent, prepared by him for payment, sent to the officer making the requisition for his action, and then by him forwarded through the regular channels to the Auditor for payment. Section 20½ of the Postal Laws and Regulations, paragraph 6, reads as follows:

"All bills for purchases shall be submitted to the purchasing agent for his approval or disapproval."

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[a] With exceptions noted in attached memorandum.

I have not been able to fully make up my mind on this point. I am inclined to the belief, however, that the requirements of this paragraph should be fully carried out. That is to say, the bills rendered to the bureau officer prepared by him for payment, "submitted to the purchasing agent for his approval or disapproval," and then by him forwarded through the regular channels to the Auditor for payment.

If the bills were rendered to the purchasing agent and by him prepared for payment, the bureau officer who has charge of the distribution of the supplies furnished would not be provided with the facts on which to base the correspondence that ensues with postmasters. He would be obliged to confer with the purchasing agent in every case before he could make replies to inquiries. I find that there are many such letters. Only a day or two ago I asked the privilege of looking over the mail prepared in the division of supplies for the signature of the Fourth Assistant Postmaster-General, and found letters in relation to delivery of furniture for rural delivery carriers, letter boxes, etc., which are delivered direct by the contractor. The advice of shipment is contained in the bill which, under the present practice, is rendered to the Fourth Assistant Postmaster-General.

Third. The recommendation that "Both the officer granting the allowance or making a requisition and the purchasing agent should keep accounts so that each may at all times know the conditions of the appropriation from which an expenditure is to be made."

If accounts are to be kept in the office of the purchasing agent, I think the committee should state just what kind of accounts are to be maintained, how limited, or how elaborate.

However, it is my opinion that there is no real necessity for the keeping of accounts in the office of the purchasing agent. It appears to me that the responsibility for the disbursement of appropriations for purchases rests wholly with the bureau officer. Therefore, if the bureau officer when making a requisition submits therewith a certificate to the effect that the appropriation from which such purchase is to be made is in such a condition as to warrant that purchase, I think all the necessities of the case have been met, and, as a matter of fact, the purchasing agent relieved of all responsibility for the condition of the appropriation.

Fourth. The failure to state in the report the result of the committee's investigation of the relations at present existing between the purchasing agent and the various bureau officers. The Postmaster-General, in his order, directed the committee to make such an investigation, and it seems to be very clear that if the committee make the investigation it should state the result thereof in its report.

Fifth. In one of the earlier meetings of the committee it developed that it is the present practice for the purchasing agent to make selections of persons to act as members of inspection committees. When I stated my opinion that such selections should not be made by the purchasing agent, the committee thought the matter might remain as it is now and no mention is made of them in the report.

As the inspection committees are appointed for the express purpose of inspecting goods purchased by the purchasing agent, and also of constituting a check upon that officer, I believe that the personnel of such committees should be selected by the Postmaster-General upon the recommendation of the chief clerk of the Department.

Respectfully,

G. G. THOMSON.

Hon. R. P. GOODWIN,
Chairman of Committee Post-Office Department.

Memorandum relative to the objections of Mr. Thomson to the report as submitted by the majority of the committee under Postmaster-General's Order No. 1359 of November 5, 1906.

FEBRUARY 2, 1907.

1. Paragraphs 1, 2, and 3 of the committee's report clearly define the duties of the purchasing agent and of the bureau officers. Specific rules are laid down for the guidance of each, but we do not deem it wise to attempt to prescribe the action to be taken concerning all the details of the work, including the size

and style of requisition blanks, order sheets, etc., covering the diverse needs of the service, except in the single case of Exhibit A for an "allowance." Paragraph 8 of section 20½ of the Postal Laws and Regulations reads:

"The purchasing agent shall prepare and furnish forms to the different bureaus and other offices of the Department on which to make requisitions for such supplies as may be considered necessary."

This is appropriate so the purchasing agent may receive the requisitions in such size and style as will be most convenient for handling and filing in his office.

2. This objection was withdrawn by Mr. Thomson at a full meeting of the committee.

3. We can not agree with the claim that there is no necessity for the keeping of accounts in the office of the purchasing agent, and reaffirm paragraph 5 of our report. The detailed form of account may safely be left to the officer interested, as good administration will evolve the simplest account, which will accomplish the end desired.

4. Agreed to and embodied in the last part of the opening paragraph of our report.

5. Under paragraph 5 of section 20½ of the Postal Laws and Regulations, the appointment of inspection committees is vested solely in the Postmaster-General. We do not think it necessary to recommend any change in the regulation.

R. P. GOODWIN,
C. P. GRANDFIELD,
G. F. STONE,
W. J. VICKERY,
H. M. BACON,
D. W. DUNCAN,
Majority of Committee.

EXHIBIT 3b.

ORDER OF THE POSTMASTER-GENERAL.

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., July 17, 1907.

Order No. 553.]

Ordered, That Order No. 1303, dated November 29, 1904, amending the Postal Laws and Regulations by the insertion of section 20½, be amended to read as follows, and all regulations, orders, and parts thereof inconsistent herewith are hereby revoked:

"SEC. 20½. That there shall be appointed by the President, by and with the advice and consent of the Senate, a purchasing agent for the Post-Office Department, who shall hold office for four years, unless sooner removed by the President, and who shall receive an annual salary of $4,000, give bond to the United States in such sum as the Postmaster-General may determine, and report direct to the Postmaster-General; and who shall, under such regulations not inconsistent with existing law as the Postmaster-General shall prescribe, and subject to his direction and control, have supervision of the purchase of all supplies for the postal service.

"The purchasing agent, in making purchases for supplies necessary for the Post-Office Department, shall advertise, as now provided by law, and award contracts for such supplies to the lowest responsible bidder in pursuance of existing law. The purchasing agent shall have recorded in a book to be kept for that purpose a true and faithful abstract of all bids made for furnishing supplies to the Post-Office Department, giving the name of the party bidding, the terms of the offer, the sum to be paid, and he shall keep on file and preserve all such bids until the end of the contract term to which they relate. Each bidder shall have the right to be present, either in person or by attorney, when the bids are opened, and shall have the right to examine and inspect all bids. All purchases, advertisements, and contracts for supplies for the Post-Office Department shall be made by the purchasing agent, in the name of the Postmaster-General, subject to his approval, and in purchasing such supplies preference shall be given to articles of domestic production and manufacture, conditions of price and quality being equal. There shall be separate proposals and separate contracts for each class of material furnished. These records shall be open at all times for the inspection of Congress, and for the inspection of those who may be interested in such contracts made, or to be made, to furnish supplies to the Post-Office Department. (Section 3, act of April 28, 1904.)"

2. To the purchasing agent for the Post Office Department is assigned, under the direction and control of the Postmaster General, the supervision of the purchase of all supplies, and all purchases of supplies of every nature and character, whether under contract or not, either for the Post Office Department proper or for any branch of the postal service, shall be made by the purchasing agent, provided, however, that the bureau officer controlling an appropriation may authorize postmasters and other postal officials to purchase supplies chargeable to that appropriation, subject to the approval of the purchasing agent in each instance.

3. Specifications for supplies shall be prepared under the direction of the head of the bureau for which the supplies are to be purchased. The purchasing agent shall review such specifications carefully, and if he finds them unsatisfactory shall state his objections in writing to the said bureau officer. If, after further consideration, the bureau officer and purchasing agent still disagree, each shall submit a written statement of his position to the Postmaster General.

4. The purchasing agent shall prepare and issue all advertisements for proposals to furnish supplies and all forms for use in making such proposals. All such proposals shall be opened and examined by a committee appointed by the Postmaster General, which committee shall make a report suggesting such awards as in their judgment are desirable and proper. Such report shall be submitted for review to the purchasing agent and the bureau officer, who shall forward it with their recommendations to the Postmaster General for action.

5. The officer having control of the appropriation shall make requisition upon the purchasing agent for the supplies needed. The purchasing agent shall furnish such officer with a copy of the order for the supplies, showing the price to be paid. When the supplies have been received in accordance with the order, the officer receiving them shall certify the fact of receipt to the head of the bureau having charge of the appropriation from which payment is to be made. Bills shall be rendered to the head of such bureau, who shall certify as to their correctness, stating specifically whether the supplies received correspond in quantity and quality to the orders. The bills, after having been certified to by the bureau officer, shall be forwarded to the purchasing agent for his approval. If the item covered by a bill is entered on a journal the journal sheet shall be certified to by the head of the bureau concerned and then submitted to the purchasing agent for his approval.

6. All articles purchased shall, so far as practicable, be inspected by a committee appointed by the Postmaster General, which shall make a report in duplicate stating whether the supplies comply with the specifications, if furnished under contract; whether they are up to the requisite standard, if purchased in open market; and if they are unsatsifactory, what reduction should be made from the stated price in the event of their acceptance. One copy of such report shall be sent to the bureau officer, the other to the purchasing agent. The purchasing agent shall at all times have the right to make an independent inspection. On receipt of the committee's report, the bureau officer, with the approval of the purchasing agent, shall take proper action. If the supplies are satisfactory they shall be accepted. If unsatisfactory they shall be rejected; or, if the service would suffer by the delay consequent upon their rejection, they may be accepted at a reduced price. If the bureau officer and the purchasing agent disagree or disapprove of the committee's report, the matter shall be referred to the Postmaster General for action.

7. The bureau officer shall keep an accurate account with each contractor or other person or firm from whom supplies are purchased. He shall also keep an accurate account of the expenditures from each appropriation under his control, and shall furnish the purchasing agent a weekly statement showing the condition of such appropriations.

8. All requisitions for supplies, originating in any bureau or office of the Department to be paid for from the appropriation for contingent expenses of the Post-Office Department, shall be approved by the chief clerk of the Post-Office Department before being submitted to the purchasing agent. On the receipt of every such requisition the chief clerk shall promptly notify the officer making it of the action taken with respect to it. The chief clerk shall be responsible for the proper disbursement of these appropriations for contingent expenses, and he shall keep the accounts, handle the bills, and furnish weekly statements to the purchasing agent in connection with these appropriations in the manner prescribed in paragraphs 4 and 6, provided, however, that the Fourth Assistant Postmaster-General shall be responsible for the appropriation for miscellaneous expenses in the division of topography, and shall keep the accounts and perform the other duties in connection therewith.

9. After receiving proposals to furnish supplies not under contract and before making the purchase, the purchasing agent shall advise the bureau officer as to the cost of the articles so that if the price is considered exorbitant the requisition may be canceled.

10. Correspondence with contractors and others from whom supplies are purchased shall be conducted by the purchasing agent, and correspondence with postmasters and other postal officials in regard to supplies shall be conducted by the bureau officer controlling the appropriation to which the supplies are chargeable.

G. v. L. MEYER,
Postmaster-General.

EXHIBIT 3c.

Schedule of rates for railway mail transportation.

Average weight of mails per day carried over whole length of route.	Pay per mile per annum.			
	Rates allowable under act of Mar. 3, 1873.	Rates allowable under acts of July 12, 1876, June 17, 1878, and Mar. 2, 1907.	Rates allowable to land-grant railroads under acts of July 12, 1876, June 17, 1878, and Mar. 2, 1907.	Allowance of $1 per mile under the law of 1873 and the custom of the Department subject to acts of July 12, 1876, June 17, 1878, and Mar. 2, 1907.
				Pounds.
200 pounds	$50.00	$42.75	$34.20	
200 pounds to 500 pounds				12
500 pounds	75.00	64.12	51.30	
500 pounds to 1,000 pounds				20
1,000 pounds	100.00	85.50	68.40	
1,000 pounds to 1,500 pounds				28
1,500 pounds	125.00	106.87	85.50	
1,500 pounds to 2,000 pounds				20
2,000 pounds	150.00	128.25	102.60	
2,000 pounds to 3,500 pounds				60
3,500 pounds	175.00	149.62	119.70	
3,500 pounds to 5,000 pounds				60
5,000 pounds	200.00	171.00	136.80	
5,000 pounds to 48,000 pounds				80
For every additional 2,000 pounds over 5,000 pounds and under 48,000 pounds	25.00	20.30	16.24	
For every 2,000 pounds over 48,000 pounds	25.00	19.24	17.10	

No allowance is made for weights not justifying the addition of $1.

RATES ALLOWABLE PER MILE PER ANNUM FROM JULY 1, 1907, FOR USE OF R. P. O. CARS.

	Per daily line.
R. P. O. cars 40 feet in length, inside measurement	$25.00
R. P. O. cars 45 feet in length, inside measurement	27.50
R. P. O. cars 50 feet in length, inside measurement	32.50
R. P. O. cars 55 feet or more in length, inside measurement	40.00

To constitute a "line" of railway post-office cars between given points, sufficient R. P. O. cars of full width and of authorized length must be provided and run to make a trip daily each way between those points.

RATES OF ELECTRIC RAILROAD TRANSPORTATION.

The rates of compensation for closed-pouch service as laid down by Congress are as follows:

	Per annum.
For every 2,000 miles or less traveled	$150.00
For every 2,000 miles not exceeding 3,500 miles	175.00
For every 3,500 miles not exceeding 5,000 miles	200.00
For every 5,000 miles not exceeding 8,333 miles	250.00

Exceeding 8,333 miles per annum, 3 cents per mile for the full mileage, excepting in cases where the mail is large or the exchange points numerous, when the rate may be increased to 4 cents per mile.

Compensation for independent or apartments in independent cars is as follows: Sixteen feet or less in length, 0.75 of 1 cent per linear foot in length; additional space not exceeding 4 feet in length, 0.375 of 1 cent per additional linear foot. Further additional space 0.1875 of 1 cent for additional linear foot per mile.

Compensation for trailer cars or apartment in trailer cars being as follows: Not exceeding 20 feet, 0,375 of 1 cent per linear foot per mile; for additional space, 0.1875 of 1 cent per linear foot per mile run.

Where the route exceeds 20 miles in length outside of cities, the basis of compensation is weight and the rates are the same as those given in the " Schedule of rates for railway mail transportation."

EXHIBIT 3d.

INSTRUCTIONS TO THE UNITED STATES STAMPED ENVELOPE AGENT.

GENERAL DUTIES OF AGENT.

JULY 15, 1907.

ARTICLE I. The agent, as the representative of the Post-Office Department, shall assume the entire charge and control of the stamped envelope agency, and the clerks and employees connected therewith.

It shall be his duty to see that the contract entered into between the Postmaster-General and the Mercantile Corporation May 1, 1907, is fully, faithfully, and honestly executed in every detail; no authority being granted the agent to waive or modify in any particular any of the contract requirements.

It shall be his duty to see that the Government's interests and property are properly and adequately safeguarded at all times, and to promptly report in detail to the Department in writing any failure on the part of the contractor to comply with the terms of the contract.

INSPECTION AND TEST OF PAPER.

ART. II. The agent shall have the right to inspect and test the paper proposed to be used in the manufacture of stamped envelopes and newspaper wrappers, and any such paper found to be below the contract standard he will reject, making a record thereof and a full report of the facts in each instance to the Third Assistant Postmaster-General. (Paragraphs 8 and 39, Specifications.)

The agent shall personally procure each day samples of stamped envelope and newspaper wrapper paper from the stock in course of manufacture, and not necessarily with the knowledge of the contractor. One of the sample sheets shall be tested by him for strength and weight, and the result thereof indorsed on the sample, together with the hour and date, and the room, or other place, from which the paper is taken, and shall be signed by him and transmitted under seal to the Third Assistant Postmaster-General.

In addition to the foregoing, he shall also procure from each shipment of stamped envelope and newspaper wrapper paper at the agency one sample sheet and forward the same to the Third Assistant Postmaster-General without testing it. The date on which the particular shipment is received at the factory shall be indorsed on this second sample.

A duplicate set of samples procured, tested, and indorsed, as herein indicated, shall be retained on file at the agency.

INSPECTION OF MANUFACTURED STOCK.

ART. III. The agent shall make frequent inspection each day of the stamped envelopes and newspaper wrappers in course of manufacture to see that they conform to the contract standard as to quality and finish of paper, style of manufacture, embossing, inking, printing of return cards, banding and boxing. Any envelopes or wrappers which are found to be defective he shall reject, causing the same to be marked for identification and set aside and a record made of the quantity, denomination, size and color, and also the return card in the case of special-request, or office-request, envelopes. Such rejected envelopes shall be destroyed or macerated under the supervision of the agent. *Provided, however,* That when the exigencies of the service require the acceptance of any envelopes or wrappers which do not conform to the contract standard, the agent shall communicate in writing with the Department before ordering the destruction of such rejected stock and await instructions. (See paragraphs 8 and 49, Specifications.) He shall require the contractor to reband and rebox any envelopes and wrappers that are not properly banded or boxed.

The agent shall see that the finished envelopes and wrappers are properly *packed for shipment* in wooden cases or wrapped packages conforming to the

requirements in paragraphs 26 and 31 of the Specifications; also that they are properly labeled or marked, as required in paragraphs 32 and 34 of the Specifications.

It shall also be his duty to see that the contractors are provided with proper and sufficient railroad cars for the transportation of the envelopes, and that such facilities are promptly secured when needed, so that no delay may occur in shipment.

RECORD OF STOCK MANUFACTURED.

ART. IV. The agent shall require the contractor to furnish him daily a statement of all envelopes and wrappers manufactured, delivered for shipment, and stored, which statement shall show the quantity of each denomination, size, and color; also an itemized statement of the envelopes and wrappers spoiled in adjusting the embossing and printing presses (par. 52, Specifications). These statements to be made on blanks provided by the Department. (See sec. 34, Specifications.)

The agent shall take an inventory each week of the envelopes and newspaper wrappers stored in the vault and forward a copy thereof to the Third Assistant Postmaster-General. It shall be his duty to require the contractor to keep the stock and reserve equal to quantities provided in paragraph 44 of the Specifications.

The agent shall keep an itemized record of envelopes and wrappers ordered from, and delivered by, the contractor, in such form as to enable him to verify and certify the contractor's bills therefor.

RECORD OF DEFECTIVE STOCK RETURNED AFTER ISSUE.

ART. V. The agent shall keep an accurate record of all envelopes and newspaper wrappers which are found to be defective after issue to postmasters and subsequently returned to the agency to be replaced by perfect stock; and such defective stock, after recording, shall be destroyed as provided in article 6 of these instructions.

MACERATION OF REJECTED STOCK.

ART. VI. It shall be the duty of the agent to require the contractor to thoroughly and effectually macreate all rejected stamped envelope and newspaper wrapper paper, and all rejected and spoiled envelopes and wrappers, including those printed and spoiled in adjusting the embossing and printing presses, which maceration must be done under the supervision of the agent, and he shall keep an account of all such stock.

EMBOSSING DIES.

ART. VII. The agent shall keep a record of all dies received from the diemaker; also of those issued to, and returned by, the contractor; also those sent to the custodian of dies, rolls, and plates, as hereinafter prescribed. The duplicate receipts required therefor shall be sent to the Third Assistant Postmaster-General. (See par. 25, Specifications.)

If in the inspection of finished stock the agent discovers any indication that the embossing dies are worn or defective, he shall cause such dies to be immediately withdrawn from use and delivered to him, to be replaced by perfect dies, and the defective dies shall be sent to the custodian of dies, rolls, and plates, Bureau of Engraving and Printing, Washington, D. C., with an itemized letter of transmittal, a duplicate of which he shall send to the Third Assistant Postmaster-General.

CONSIGNMENT OF PAPER STOCK.

ART. VIII. As soon as the factory of the contractor at Dayton, Ohio, is completely installed, the agent will observe the provisions of paragraph 9 of the Specifications, by requiring all paper stock to be consigned to the agent to be counted and issued by him to the contractor as needed for making up into envelopes and wrappers, and require the contractor to account for all such paper stock issued to him in finished stock, spoiled envelopes and wrappers, and waste, on blank forms to be furnished by the Department.

HOURS OF LABOR.

ART. IX. It shall be the duty of the agent to require of all clerks and employees of the agency not less than seven hours of labor each working day. The hours of labor may be so arranged as will best subserve the Government's

interests; but a representative of the agency must be on duty when the envelope plant is in operation before or after the regular hours of the agency force.

The agent shall comply with the requirements of the Postmaster-General's order, No. 698, of February 8, 1906, in relation to leaves of absence, absence on account of sickness, etc. (copy herewith).

VISITORS.

ART. X. Visits on the part of the public to the envelope factory, or to parts of the establishment where stamped envelopes are exposed, are not to be encouraged. In exceptional cases visitors may be allowed to go through the plant on dated passes signed by the superintendent of the factory approved by the agent, such pass to be taken up by the watchman and delivered to the agent for filing. Visitors shall in all cases be under escort of a representative of the contractor.

PACKAGES TAKEN FROM BUILDING TO BE INSPECTED.

ART. XI. No employee of the agency, envelope factory, or other person will be allowed to leave the building with packages or parcels without submitting the same to the inspection of the watchman, and the contractor will be required to conspicuously post notices to this effect in the building.

NOTICES TO BE POSTED.

ART. XII. The contractor will be required to keep conspicuously posted throughout the factory placards 9 inches by 18 inches (9 x 18 inches) in size, as follows:

U. S. STAMPED ENVELOPE WORKS,

THE MERCANTILE CORPORATION, CONTRACTORS.

[By order of the Third Assistant Postmaster-General.]

The admission of any person not engaged in the work of manufacturing Government envelopes, to the rooms where such work is in progress, is strictly forbidden, except in cases where passes are issued by the superintendent of the factory and approved by the United States stamped envelope agent, and under escort of a representative of the contractor.

Employees and others are forbidden, under penalty of the law, from carrying away from the rooms any envelopes, finished or unfinished, impressions of dies, or paper of any kind or description bearing the mark of the United States Post-Office Department.

Smoking in any of the rooms used for Government work is prohibited.

To make the above "special order" effective the following rules will be strictly enforced:

Employees in the U. S. S. Envelope Works are positively forbidden to use stamped envelopes or stamped newspaper wrappers, no matter where obtained. Plain envelopes, note paper, postage stamps, and postal cards can always be procured for correspondence purposes.

Employees will always pass out of the manufactory under the eye of the watchman, and if carrying bundles of any kind, will be obliged to exhibit the contents of such bundles.

Positively no deviation from the above rules will be allowed.

A reward of $25 will be paid for any information which shall lead to the detection of any person violating the rules in regard to the carrying away or using stamped envelopes or newspaper wrappers or Government paper.

_____ _____,
General Manager.

PURPOSE OF THESE INSTRUCTIONS.

ART. XIII. The general instructions are not to be construed as in any manner changing or modifying the provisions of the existing contract. They are for the purpose of emphasizing certain features of the obligation resting upon the agent and contractor, so that such obligations may be fully met.

A. L. LAWSHE,
Third Assistant Postmaster-General.

Approved:
G. v. L. MEYER,
Postmaster-General.

EXHIBIT 3e.

OFFICE OF THE
FOURTH ASSISTANT POSTMASTER-GENERAL,
Washington, September 18, 1907.

SIR: It has been found impracticable to provide a stock of postal supplies sufficient to promptly fill requisitions for one year in advance, as was contemplated in the circular letters to postmasters bearing dates of January 2 and May 8, 1907, consequently emergency methods are essential to good administration.

From this date requisitions that may be pending or hereafter submitted on Forms 1580 or 1580-A will be declared void. In lieu thereof postmasters will order upon the inclosed emergency or "temporary requisition" only such supplies as are required for immediate use.

Substitute requisitions for Nos. 1580 and 1580-A will be furnished as promptly as possible.

Until otherwise directed, future requisitions should cover not to exceed three months' supply, and the strictest economy is essential to prompt service.

Requisition blanks now in use for money order and advice forms (6053-C) and for official envelopes (1579) will be continued.

If you have on hand any supplies in excess of your needs, please return same by ordinary mail, plainly marked "surplus supplies," and addressed "Division of Supplies, Post-Office Department, Washington, D. C." Prompt cooperation of postmasters will materially aid the Department in effectually overcoming present conditions and insuring prompt and satisfactory service.

Respectfully,

P. V. DE GRAW,
Fourth Assistant Postmaster-General.

The POSTMASTER.

EXHIBIT 3f.

EXTRACT FROM LETTER ADDRESSED TO THE POSTMASTER-GENERAL UNDER DATE AUGUST 12, 1907.

I have to advise that very great inconvenience is being experienced by many of the postmasters in this district with reference to the procuring of supplies for the proper carrying on of the work of the office. It seems to me it ought not to be so. I certainly can not understand why the ordinary blanks needed in post-office duties by the various officials in the post-offices of the country can not be supplied after renewed and repeated requests on the part of these officers. I called attention to this matter personally when I was in Washington some weeks ago. Very serious complaints have come to me from many sources of absolute inattention to these requests for the essentials of office work.

I am this morning in receipt of a letter from one postmaster, which reads as follows:

"As I am a little in the dark about some of the things in regard to the workings of the Post Office Department, I can not see why I cannot get the supplies which I order and which this office is sadly in need of. Some two months or more ago I sent a request for supplies and have never heard from them, although I have sent twice since. This office has no postal account book, no register cards, no special delivery sheets, and if they want me to keep any accounts I want a book or something to keep the account in."

I was also informed of a very similar condition of affairs in one of the larger offices of the district on Saturday last, and the Assistant Postmaster expressed to me his hope that if complaints were made by an inspector of the failure to keep the books that I would understand that it was because they had no books to keep and could not get them, even though repeated applications had been made for them. They told me that they had borrowed from various other offices numerous forms and blanks, until now it was almost impossible to get them, because the other offices were having the same difficulty which they had experienced.

(b) Funds.—If postal funds were lost, a separate entry on the credit side should be made for them, following the above form.

Note.—The amount of Money-Order funds lost must never appear in any quarterly postal account.

10. EXCESS SALES.—In Article No. 2, charge the difference between the value stated on the Department invoice of stamped envelopes and newspaper wrappers, and the amount received from their sale. The difference arises by the sale of envelopes and wrappers singly or in odd lots. For example: If 1,000 2-cent stamped envelopes, invoiced at $21.20, are sold for $23.00, charge $1.80 as "excess."

11. SECOND-CLASS POSTAGE.—The amount charged in Article 2, page 2, must agree with the total on report, Form No. 3551, sent to the Third Assistant Postmaster General. **Carefully compare the two amounts before forwarding the reports. Form No. 3551 must include only postage collected at the one-cent per pound rate.**

12. BOX RENTS.—Charge the total rentals for boxes in use during the quarter. A box account on Form No. 1537 must accompany the quarterly report. **Carefully examine the computations and additions on the box account after it has been prepared, in order to detect any errors which may have been made in copying.** Much trouble and correspondence is occasioned by erroneous box-rent statements accompanying reports.

13. DEPOSITS.—Postmasters must promptly deposit all surplus postal funds with their designated depositaries at the time and in the manner prescribed by the Third Assistant Postmaster General. If, for any reason, there is no deposit to make at the time fixed, postmasters should immediately write to the Auditor (Bookkeeping Division) stating that fact and briefly giving the reason therefor.

14. INTERLINING.—Postmasters who are authorized to make expenditures for "Copying presses or typewriting machines for the money-order service," should interline an entry between Articles 23 and 24. Other items not provided for, and which do not bear an intimate relation to any of the printed titles, may be entered on the blank lines below Article 31.

15. INSTRUCTIONS AND CORRESPONDENCE.—Postmasters are required to follow instructions given in letters or circulars issued by the Auditor for the Post Office Department, and to promptly reply to correspondence requiring answer.

EXHIBIT 7a.

GENERAL ACCOUNTING SYSTEM.

The following outline of the general books and records to be kept, as stated in the report, is based on the assumption that the following recommendations referred to therein will be adopted:

That the postal and money-order accounts rendered by postmasters will be consolidated on one statement and that there will be no distinction in the handling of the postal and money-order funds.

That a class of post-offices will be established which may be termed "non-accounting offices," and which, briefly, would include such of the present fourth-class as do not carry on a money-order business.

That the expenses incidental to the postal service paid by other Departments of the Government, namely, expenses of the Post-Office Department; transportation of mails by Pacific railroads; printing done by the Public Printer; office of the Auditor for the Post-Office Department; Assistant Attorney-General for the Post-Office Department; maintenance of Government buildings used for the postal service, will be paid out of appropriations made for the Department and service, and that, on the other hand, the Department will get credit for the services rendered or expenses incurred by the postal service on behalf of other Departments of the Government, consisting of handling free and penalty matter; handling franked matter; amounts paid to steamship companies for transportation of mails over and above the rates established by the International Postal Union (referred to elsewhere as subsidies) which will be paid over to the postal service as suggested in a previous part of this report.

A suggested card of accounts for the general ledger is attached hereto (Exhibit 7a 1).

The system which will be followed in the general books, if our suggestions are adopted, will be as follows:

GENERAL FUND—UNEXPENDED APPROPRIATIONS.

The former accounts will be debited with the total amounts appropriated by Congress as certified by the Secretary of State, the contra going to "Unexpended appropriations." At the close of each month an entry will be made debiting "Unexpended appropriations" and crediting "General fund" with the total expenditures during the month; the balance of the "General fund" thus representing the unexpended amount of funds placed by the Government remaining at the disposal of the postal service, and the balance of the "Unexpended appropriations," which will be equivalent, will show, as the title indicates, the unexpended balances of the appropriations. One set of accounts will be kept for each year to be closed out after the lapse of the appropriations in three years.

The details of both accounts will be kept in an "Appropriation and expenditure ledger."

AUDITED EXPENDITURES.

One account will be kept in the general ledger for "Audited expenditures," which will control a separate appropriation and expenditure ledger.

The debits to this account will be posted from the recapitulation of postmasters' accounts in case of payments by postmasters; from the voucher records in the case of payments by voucher warrants; from the general journal for transfers, corrections, etc. The credits will be posted from the transcripts from the subtreasuries and national banks in the case of refunds or repayments; from the general journal in the case of transfers, corrections, etc.

The detailed appropriation accounts in the appropriation and expenditure ledger will be posted from the postmasters' expenditure registers (referred to later), voucher registers, and journals, and the total of such detailed accounts in the appropriation and expenditure ledger should always agree with the controlling account "Audited expenditures" in the general ledger.

Trial balances should be taken off the detailed appropriation accounts (in the appropriation and expenditure ledger) monthly, showing: (*a*) The amount of the appropriation by Congress; (*b*) the expenditures, either in total, or, if necessary, according to the several quarters, which will agree with audited expenditure account; and (*c*) the balance of the appropriations unexpended, the total of this claim being equal to the balance in the "Unexpended Appropriation Account" above referred to.

LOSES BY BURGLARY, FIRE, BAD DEBTS, ETC.

This account will be kept to record the ascertained uncollectible balances due from postmasters or sureties, defalcations, and losses of a similar nature, and the postings will be made from the recapitulation of the postmasters' accounts, journal, etc. At the end of the fiscal year the total amount thereof will be charged to the "General Revenue and Expenditure Account" for that year.

REVENUE ACCOUNTS.

The individual revenue accounts, as listed on the card of accounts appended, will be kept on the general ledger, and the chief sources of entries for the revenue from the postal business will be:

Credits.—Recapitulation of the postmasters' current accounts; transcripts from the treasury (in the case of deposits for fines and penalties; miscellaneous receipts, etc., made by others than the finance division); drafts registers (in the case of drafts against failing bidders and for fines and penalties, etc., collected by postmasters); and the general journal (in the case of fines and penalties; miscellaneous receipts, etc., deposited by the finance division).

Debits.—Recapitulation of postmasters' current accounts; warrant registers; and the general journal.

Records of the sales of stamps and stamped paper to nonaccounting offices will be kept showing the sales to each office for the purpose of enabling a readjustment of compensation to be made yearly.

Regarding the deductions from revenue, as shown by the postmasters' accounts, credits are allowed to postmasters for refund of overcharges on second-class postage and for other purposes, as well as for postage stamps burned, stolen, etc. The authorities for such credits are now forwarded to the Auditor's office either by the Third Assistant Postmaster-General or the Assistant Attorney-General for the Post-Office Department, as the necessary basis for the credits to postmasters.

The present method of charging postmasters and crediting revenue from the sales of stamps, etc., at the time credits are first claimed by postmasters for losses on account of stamps stolen, burned, etc., is open to the objection that credits are made to revenue which subsequently have to be withdrawn therefrom; but on the other hand, the plan has the advantage that it charges the postmaster with any money on such losses pending the establishment of the propriety of the credit by the Third Assistant Postmaster-General or Assistant Attorney-General for the Post-Office Department, and as in many cases claims are disallowed in whole or in part, a continuance of the present plan is recommended.

Regarding the revenue accounts relating to the money order business, inasmuch as there will be little similarity in the sources of entry for the various accounts, we shall deal with each of the money order revenue and expenditure accounts as follows:

MONEY ORDER FEES COLLECTED—DOMESTIC—INTERNATIONAL.

These accounts will be credited with all the money order fees collected in this country as shown by the recapitulation of the postmasters' current accounts. Corrections discovered in the audit of money order fees will be made by means of journal entries, the contra being a debit or credit to the money order adjustment account referred to later.

COMMISSIONS PAID FOREIGN GOVERNMENTS—COMMISSIONS RECEIVED FROM FOREIGN GOVERNMENTS.

These accounts will be debited or credited from the quarterly or monthly accounts exchanged with foreign countries, and the contra entries will be to the foreign ledger. The identical orders covered by these monthly or quarterly statements exchanged with foreign countries will not necessarily be the same as those entered in the same periods in the accounts with foreign countries in the foreign ledger, but the latter accounts will be so arranged that all commissions shown by the monthly or quarterly statements may be readily checked from the ledger accounts.

LOSS OR GAIN ON FOREIGN EXCHANGE.

This account will require to be kept for the differences in exchange arising in the settlement of balances of money order or postal accounts with foreign countries. Differences in exchange occur in various ways, and it is perhaps needless to explain more than that all profits or losses thereon which revert to or have to be borne by the United States should be recorded in this account.

MISCELLANEOUS REVENUE—MONEY-ORDER BUSINESS.

The postings to this account will come from the recapitulation of postmasters' accounts. The debits will consist of petty adjustments of accounts (where not recovered from postmasters), cablegrams, etc. The credits will include interest collected on settlement of cases in court, small credit balances written off, overcharges of fees which can not be returned to purchasers, etc.

COMMISSIONS PAID THIRD AND FOURTH CLASS OFFICES—DOMESTIC—INTERNATIONAL.

These accounts will be debited with the totals as shown in the recapitulation of postmasters' accounts.

UNPAID MONEY ORDERS MORE THAN ONE YEAR OLD.

This account will be credited periodically with the amount of money orders outstanding more than one year, the contra being a debit to "Domestic money orders issued account" and at the end of the year the balance will be transferred to "General revenue and expenditure account." The figures forming the basis of this entry will be arrived at in the course of the audit of the money-order statements, as explained later.

MONEY ORDERS MORE THAN ONE YEAR OLD PAID.

This account will be charged with the orders transferred to the account just referred to which are subsequently paid, the contra being a credit to "Domestic money orders paid." The balance of this account will at the end of the year be transferred to the "General revenue and expenditure account." The figures forming the basis of this entry will also be arrived at in the course of the audit of the money-order statements as explained later.

DIVISION OF FINANCE.

One account will be kept on the general books charging the division of finance with the whole of the moneys controlled by the Post-Office Department in Washington. These funds may be briefly summarized as follows: Deposits with United States Treasurer and assistant treasurers; deposits in national banks; deposits on account of compromise offers (the account hitherto known as "Special Account No. 5"); inspectors' collections; dead letter funds.

Before dealing with the manner in which these funds will be dealt with in the division of finance, it may be well to explain how the above moneys will be charged to that division in the general books. For the sake of brevity we shall refer to the deposits with the United States Treasurer and assistant treasurers simply as "U. S. Treasurer," but it will be understood that this term is intended to cover also deposits in the subtreasuries.

UNITED STATES TREASURER.

Transcripts will be obtained from the United States Treasurer six times each month showing chiefly, as at present: On the debit side, the warrants paid; and on the credit side, deposits by present postmasters; deposits by late postmasters; deposits by the division of finance for credit of postal revenues—fines and penalties, miscellaneous receipts, dead letter funds, etc., or for credit of expenditures on appropriations; deposits by clerks of court, covering generally the same items as would be deposited by the division of finance; transfers from national banks.

As regards the debits in the transcripts for warrants paid, these should be marked off the warrant register, so that at the end of the month a reconciliation of the outstanding warrants may be made in the same manner as is done in any bank account reconciliation. Inasmuch as the division of finance will already have been credited from the warrant registers with all warrants signed by that division, no further entry in respect of the warrants actually paid by the United States Treasurer will require to be made from the transcripts.

Credits taken up in the transcripts will be debited to the division of finance and credited to certificates of deposit—United States Treasurer, clearance account. A subsidiary record of this clearance account would require to be kept so that as soon as it is found which accounts to credit for these deposits the items will be transferred from the clearance account.

NATIONAL BANKS.

Most of the deposits in national banks to credit of the Postmaster-General are made by clerks of court for collections by them from violators of postal laws, failing contractors, etc., and in connection with the adjudication of balances against postmasters.

Certificates of deposit will be forwarded to the Comptroller's office for each deposit, and be followed at the end of the month by a complete transcript showing the month's deposits. Inasmuch as the application of the deposits may not always be clear from the face of the certificate it is suggested that the total deposits should be temporarily credited to "Unapplied national bank deposits" (the contra being a debit to the division of finance), which would be relieved after it has been ascertained which accounts are entitled to credit. Inasmuch as the certificates will come into the accounting bureau continuously, it is probable that the disposition of most of the items will already have been determined by the time the transcripts are received.

The balances in national banks are periodically deposited with the Treasurer or assistant treasurers by means of transfer drafts drawn in the division of finance. The division of finance will report the total of such transfers at the end of the month, which would be charged to "Certificates of deposit, United States Treasurer, clearance account," and credited to the division of finance. The clearance account will, per contra, be credited with the transcripts received from the Treasurer or assistant treasurers, as already stated.

DEPOSITS ON ACCOUNT OF COMPROMISE OFFERS.

Deposits are at present made in an account known as "Special account No. 5" (which stands in the name of the Secretary of the Treasury) on account of compromise offers pending a decision as to whether such offers shall be accepted or rejected. Most of these deposits are made by the superintendent of finance from moneys turned over to him by the chief inspector, although in some cases deposits are also made by clerks of court, etc. It is suggested that all inspectors' collections should be turned over to the finance division and by that office deposited in a separate account with the Treasurer of the United States. If this change is accomplished it would not seem necessary to make further deposits in the Special Account No. 5.

If it is finally decided, however, that for legal reasons this money should continue to be deposited in a special account, it is suggested that such an account should stand in the name of the Postmaster-General, and that transcripts should be received thereof from which the necessary entries to control the account may be made on the general books.

For neys deposited by clerks of court the entry will be a debit to "division e" and a credit to "suspense compromise offers." In the case of posited by the finance division out of inspectors' collections, inasmuch uld be an internal transaction in the division of finance, no entry *be made therefor* in the general books.

An entry for moneys paid out of "special account No. 5," if a compromise offer is rejected and the money returned to the proponent, will be made charging "suspense compromise offers" and crediting "division of finance." If the compromise offer is accepted the money will, as at present, be deposited with the Treasurer to the credit of the Postmaster-General, by check signed by the Postmaster-General and probably countersigned by the Solicitor of the Treasury. The division of finance will be credited in such cases by charging "Certificates of deposit, United States Treasurer, clearance account" pending the acknowledgment of the deposit in the transcript from the Treasurer, when an entry will be made charging "Finance division" and crediting the "clearance account." Simultaneously another entry will be made debiting "suspense compromise offers" and crediting late postmasters' account, postal revenues, appropriation expenditures, or other accounts entitled to credit.

At present the "Special Account No. 5" stands in the name of the Secretary of the Treasury; checks thereon, however, have to be countersigned by the Solicitor of the Treasury. Deposits in this account are also made by other Departments of the Government—chiefly on account of customs duties. The accounts and records are kept in the division of public moneys (Treasury Department), but are not arranged to show the balances applicable to each of the Government Departments, as the accounts stand in the name of the individuals who deposited the money, and it would appear impossible to arrive at the correct balance relating to the Post-Office Department at the installation of the system. For this reason it is suggested that the deposits prior to the installation of the system should be disposed of according to the present methods without control thereof, and that the scheme outlined above should commence with the deposits made after the installation of the accounting system.

INSPECTORS' COLLECTIONS.

Controlling accounts for collections by inspectors will be kept on the general books, and in order that the scheme suggested below may be more easily understood it may be as well to recite here the nature of the chief money transactions handled by the inspectors.

The collections which are immediately paid out in the field consist principally of surplus postal or money order funds collected from postmasters or sureties and forwarded to designated depositories; recoveries on account of wrongly paid money orders, which are paid to rightful owners (portion also forwarded to Washington); money found loose in the mails. And those which are remitted to the chief inspector at Washington cover, chiefly, fines and penalties; recoveries on account of excess compensation to fourth-class postmasters, resulting from overstatements of cancellations; recoveries on account of loss on registered mail, etc.; recoveries on account of damage to mail equipment and other Government property; recoveries on account of burglaries, etc.; recoveries on account of wrongly paid money orders (portion also paid out in the field).

Reports of these collections and the disposition made thereof are now sent in daily by the inspectors to the divisional inspectors' offices and also to the chief inspector in Washington, and at the end of the month summaries of such collections are also sent by the divisional inspectors' offices to the chief inspector in Washington.

It is suggested that the money sent to the chief inspector should be immediately turned over to the finance division and by that office deposited along with other funds not belonging to the postal revenues in a separate account to be opened with the Treasurer of the United States (instead of in a Washington bank, as at present), which account should be subject to check signed by the head of the finance division or one of his representatives and countersigned by the chief inspector or his representative; and the following outline of the accounting necessary to effect control over all the collections by inspectors is based on the assumption that this suggested change will be inaugurated. It would appear that, inasmuch as all inspectors' collections will be deposited with the Treasurer of the United States, the transfer of funds now made to "Special Account No. 5" in cases where deposits are tendered on account of compromise settlements, etc., will, as before stated, no longer be necessary. Though the following plan provides for a continuance of such deposits in "Special Account No. 5," its abolishment will not affect the general scheme other than to eliminate that particular feature thereof.

Copies of the statements of collections sent to the chief inspector by the divisional inspectors' offices should be sent to the Comptroller's office, from which entries would be made charging "Division of finance" and crediting "Suspense inspectors' collections," this entry being intended to set up for record purposes the total amount collected, whether immediately disbursed in the field or forwarded to Washington.

The money disbursed in the field should be certified to by the heads of the divisional offices on the monthly statements, which should be approved by the chief inspector, and an entry made therefor at the same time the preceding entry is made, charging "Suspense, inspectors' collections" and crediting "Division of finance," and the balance in the former account will thereupon represent the money forwarded to the chief inspector in Washington, by him turned over to the finance division, and by the latter deposited with the United States Treasurer, and still on hand with the latter.

At the end of every month a statement would be prepared by the chief inspector and forwarded to the Comptroller's office showing all transactions relating to the money remitted to Washington, along the following general lines:

Balance of inspectors' collections with the Treasurer at beginning of month			$----------
(*a*) Received from inspectors during the month			----------
Total to be accounted for			----------
Payments during the month:			
(*b*) Remitted to owners, claimants, etc., for registered mail indemnities, wrongly paid money orders, remissions of fines and penalties, per statement and vouchers herewith		$----------	
(*c*) Deposited in the United States Treasury special account No. 5		----------	
(*d*) Deposited with Treasurer of United States for credit of Postmaster-General—			
(1) Deposits for late postmasters' credit	$----------		
(2) Revenue from fines and penalties	----------		
(3) Revenue, miscellaneous receipts	----------		
(4) Refunds of expenditures	----------		
		----------	----------
Balance on deposit with Treasurer at end of month			----------

The transactions in this statement would be dealt with in the Comptroller's office as follows:

(*a*) It should be seen that the amount taken up in the above statement agrees with the amount already charged to "Division of finance" from the monthly statements from the divisional inspectors' offices.

(*b*) These payments would be charged to "Suspense, inspectors' collections" and credited to "Division of finance." It would be the duty of the Comptroller's office to audit the payments from vouchers or other evidence submitted by the chief inspector, after which the Auditor should make a verification thereof.

(*c*) Transcripts should be received from the Treasurer, division of post-office accounts for "Special account No. 5," such as are received from the Treasurer and subtreasuries for the deposits of surplus funds, etc. The amount shown as transferred to "Special Account No. 5" in the above statement should be charged to "Suspense, inspectors' collections" and credited to "Suspense, compromise offers."

(*d*) These items would be debited to "Certificates of deposit, United States Treasurer, clearance account," and credited to "Division of finance." On receipt of the transcripts from the Treasurer the corresponding items would *be debited to the* "Division of finance" and credited to "Certificates of de-

posit, United States Treasurer, clearance account." Simultaneously an entry would be made debiting "Suspense, inspectors' collections," and crediting late postmasters; fines and penalties; miscellaneous receipts, etc.

DEAD LETTER FUNDS.

Monthly statements will be forwarded to the Comptroller's office of all moneys found in dead letters, which statements should be certified jointly by the opening and the money branches of the dead letter division.

These statements will be the basis for an entry on the general books debiting "Division of finance" and crediting "Suspense, dead letter funds."

Credits to the "Division of finance" for these funds, should be made from the statements prepared by the money branch of all disbursements made to the public during the month, which statements will be supported by vouchers, registry receipts, certificates from the chief of the division of dead letters, or other satisfactory evidence of payment. Such disbursements will, on the general books, be credited to "Division of finance" and charged to "Suspense, dead letter funds."

The surplus dead letter funds will be turned over to the finance division as at present and immediately deposited (along with other funds belonging to postal revenues) with the Treasurer of the United States, and an entry made charging "Certificates of deposit, United States Treasurer, clearance account" and crediting "Division of finance." Simultaneously another entry will be made debiting "Suspense, dead letter funds" and crediting "Revenue from unclaimed dead letters."

The balance to the credit of "Suspense, dead letter funds" accounts should, at the close of any fiscal period, represent the amount of money on hand in the money branch of the division of dead letters.

It will be clear from the foregoing remarks that so far as the general books are concerned, no distinction will be maintained between the several classes of funds handled by the division of finance, but a separate set of books will require to be kept in the division so that these distinctions can always be made.

The money deposited in a separate account with the United States Treasurer, or in the hands of the money branch of the divisions of dead letters, for inspectors' collections, dead letter funds, etc., should always be equal to the total of the three controlling suspense accounts for these classes of funds, and at the end of every month the division of finance should submit a statement thereof for comparison with the general books.

The distinction which the division of finance will have to keep of the various classes of funds under it will be: Money on deposit with the United States Treasurer or assistant treasurers to the credit of the Postmaster-General and representing postal revenues and grants from the Treasury; money on deposit in "Special Account No. 5," if it is decided that this account must be continued; funds in the hands of the money branch of the division of dead letters to meet current requirements from day to day; and separate account with the United States Treasurer for inspectors' collections; etc.

In conformity with the above distinction, separate cash books will have to be kept in the finance division, and where transfers are made from one to another of the above four accounts the transactions will, of course, require to be recorded in the two cash books affected.

In many cases the sources of entry for the books in the finance division and the general books will be the same, and the work should be so arranged that either of these two branches of the Department may have access to such sources of entry as may be required.

The cash books should be kept in loose leaf form, and carbon copies thereof sent to the Comptroller's office.

POSTMASTERS' CURRENT ACCOUNTS.

The total debit and credit transactions affecting postmasters' current accounts for the month as shown by the final recapitulation will be entered in the above controlling account, the contras going to various general ledger accounts, as explained in Exhibit 7a.

Expenditures by postmasters chargeable to appropriations should be shown in total in the postmasters' current accounts, substantiated by a detailed list, showing the charges to each appropriation divided according to the quarters to which they relate. Two "Postmasters' expenditures registers" will require

to be kept for alternate quarters, into which the expenditures will be entered according to the various appropriations and subdivisions thereof, and the total of which should agree with the total of appropriation expenditures as shown by the recapitulation of postmasters' current accounts. The totals, by appropriations thus arrived at will be posted to the various accounts in the "Appropriation and expenditure ledger."

LATE POSTMASTERS' ACCOUNTS.

A separate controlling account should be kept for the late postmasters' accounts, as the method of handling them differs from that employed in the case of present postmasters, and also to afford a ready means of ascertaining from month to month whether the balance is increasing or decreasing. This is particularly desirable so that the proper administrative heads may determine whether the accounts, collectively or individually, are being looked after properly with a view to collection.

Columns will be provided in the recapitulation of present postmasters' accounts showing the debit or credit balances transferred to the "late" accounts, as well as payments to or collections from late postmasters, and on the general books these items will be debited or credited to "Late postmasters' accounts."

The other sources of entry for this controlling account will be chiefly: Certificates of deposit, United States Treasurer, clearance account register, for deposits with the United States Treasurer and subtreasuries; certificate of deposit, disbursing postmasters, clearance account register, for deposits with Post-Office depositaries; collection drafts register, in respect of drafts on late postmasters collected by neighboring offices, posting to the credit of postmasters would only be made after the payment of the collection draft, as evidenced by the portion of the paid draft sent to Washington; transfer drafts register, in respect of credit balances paid by neighboring offices; journals in respect of corrections in accounts, etc.

AUDITED VOUCHERS.

As explained in the main report, under the heading of "Preparation and passing of vouchers," vouchers will be prepared in the executive divisions, passed to the Comptroller's office for administrative audit and entry on the voucher records, and then turned over to the Auditor's office for verification, after which they will be passed to the finance division for final signature and payment.

The "Audited vouchers account" will be credited with the total vouchers entered by the Comptroller's office each month, and debited with the total paid, as shown by duplicate of the warrant registers prepared in the finance division. The balance in the "Audited vouchers account" at the end of any month should show the vouchers which have been spread on the records in the Comptroller's office but which have not yet been signed or placed on the warrant registers, and lists prepared in the Comptroller's office showing the open items should be agreed therewith.

Two sets of voucher registers should, for convenience of bookkeeping, be kept for alternating quarters.

FOREIGN LEDGER.

This will be a controlling account for a separate ledger, which will contain in the one section accounts with each foreign country relating to the postal business, and in another the accounts with each foreign country relating to the money-order business.

In regard to the postal business, debits and credits will be made to the several foreign counries for territorial transit charges, maritime transit charges, cables, and other petty expenses, etc. Transit charges are determined by the International Postal Union, and the amounts, subject to certain fixed graduations, are constant for the ensuing six years. The basis of entry for the controlling account, as well as the detailed accounts in the foreign ledger for postal transactions, will be the reports received from the International Postal Union. The amounts determined in these reports cover the year ending December 31, but for the purpose of enabling a revenue and expenditure account to be prepared quarterly such annual amounts should be divided by four and one portion thereof taken up in each quarter.

The manner in which the accruing debits for international or direct foreign money orders issued in foreign countries and credits for similar orders issued in the United States would be posted is explained later on. These accounts for foreign countries relating to the money-order business will enable the verification to be made with the monthly or quarterly statements received from foreign countries.

The balances of the accounts with foreign countries, both postal and money order, will be liquidated from time to time by exchange received or paid as explained under the heading "Foreign exchange."

In order that the foreign ledger may balance with the controlling accounts carried on the general ledger, it will be necessary to keep the accounts in both foreign and United States currencies, and any differences arising in the conversion of funds will be carried to "Loss or gain on foreign exchange account." The latter account will also be debited or credited with the loss or profit on the purchase or sale of foreign exchange arising in the settlement of balances due to or by foreign countries.

In certain cases credits accruing to foreign steamship companies are paid to foreign governments where such governments have subsidized the steamship companies. It is not contemplated that these payments would be recorded in the foreign ledger, but that they would be treated the same as payments for transportation by other lines, i. e., charged to the proper appropriation account direct from the voucher records, the only difference in treatment being that in the case of companies subsidized by foreign governments the payments would be made to such governments, whereas in the case of transportation by other lines the payments would be made direct to the companies which had rendered the service.

MONEY ORDERS.

In order to elucidate the remarks which follow relative to money orders issued and paid, it may be well to state here that the money orders handled are divided into six general classes, as follows:

The money orders issued comprise: (*a*) Money orders issued which are payable in the United States; (*b*) money orders issued which are payable in the 19 direct foreign countries with which there is a special arrangement whereby such orders are treated as "domestic" orders, and (*c*) money orders issued and payable in other foreign countries, which are treated as "international" throughout.

The payments on account of money orders comprise: (*d*) Orders which have been issued in the United States; (*e*) orders which have been issued in the 19 direct foreign countries referred to above, which are treated as "domestic," and (*f*) orders which have been issued in other foreign countries, and are treated as "international" throughout.

At present the orders issued of Classes A and B, and the orders paid of Classes B and E, are treated as domestic, and only those of Class C and Class F, respectively, as international. They are listed in separate portions of the paid statements, and it would be a comparatively simple matter to show separate totals for bookkeeping purposes as suggested below.

DOMESTIC MONEY ORDERS—ISSUED; PAID.

The former account will be credited with the orders enumerated under A and B above. These credits will come direct from the recapitulation of postmasters' current accounts.

The debits to the latter account will be made: (*a*) From the recapitulation of the postmasters' current accounts, and (*b*) from settlements made with the 19 direct foreign countries for reimbursement of payments in those countries on account of orders issued in the United States, as evidenced by the paid orders returned by the direct foreign countries. This settlement with the foreign countries would be considered, so far as the United States is concerned, as the final payment of the orders, and from that time onward such orders would be treated in sorting, etc., in the same way as regular domestic orders paid.

Separate registers will be kept with continuous columns showing total of orders "issued," "audited paid," "corrections and transfers," and "balances" at the beginning and end of each month.

The names of the districts will be entered therein on the left side of the registers, which should be arranged, with fly leaves, to cover about two years.

Similar registers should be kept for each district, showing the transactions of each post-office. The grand total of the last balance column in the summary register should represent the outstanding orders and should be equal to the difference between the two accounts mentioned in the above captions.

The keeping of two accounts, one for the orders issued and one for the orders paid, is suggested for the reason that corrections are discovered in both the issued and paid statements, and, if the issued and paid transactions were merged, the books would not show clearly to which set of transactions corrections related.

It is desirable to keep the accounts in the registers above referred to by districts, so that more effective control may be kept over the transactions and a more ready means available for locating any differences.

FOREIGN MONEY ORDERS PAID.

This account will be kept for the purpose of assembling the charges against the 19 direct foreign countries for orders issued in those countries and paid in the United States. The debits to the account will come from the recapitulation of the postmasters' current accounts. The paid orders substantiating the amount shown by the recapitulation will be sorted according to the foreign countries, after which, statements will be compiled showing the total amount paid by the United States and chargeable to each foreign country. These statements will be the basis of entries charging the respective foreign countries and crediting "Foreign money orders paid."

This account will be kept by months in order that each month's transactions may be closed not later than the close of the following month.

It is not contemplated that the books should show the liability on orders issued in the 19 direct foreign countries for payment in the United States which have not yet been paid here, as this is a matter which concerns the foreign country only and does not seem to have a direct bearing on the money order business in the United States, the interest of which in such orders commences only when they are presented for payment.

INTERNATIONAL MONEY ORDERS ISSUED.

The credit to this account will come direct from the recapitulation of postmasters' current accounts.

The account will be debited with the total of the certified lists prepared by the New York exchange office from the advices forwarded by postmasters, the offsetting or credit entry being the respective foreign countries.

The foreign countries' accounts will be closed in due course by the remittance of exchange, either monthly or quarterly, according to arrangement. In this connection a standard rate of exchange for all foreign currencies would have to be established for bookkeeping purposes, the difference between the amount paid and the standard rate of exchange established being debited or credited to "Loss or gain on foreign exchange accounts."

At the end of any fiscal period there would be a credit balance in "International money orders issued account," owing to the fact that it requires from two to three days for the transmittal of advices from postmasters to the New York exchange office.

INTERNATIONAL MONEY ORDERS PAYABLE.

This account will be credited, and the various foreign countries charged, from the certified lists prepared by foreign countries.

The account will be debited from the recapitulation of postmasters' current accounts, and the balance in this account will represent the liability on orders issued abroad, as shown by foreign certified lists, which have not yet been paid in the United States.

ADJUSTMENTS OF MONEY ORDER ACCOUNTS.

This account will be necessary to record temporarily the corrections made either in the statements of money orders issued or paid, or in the fees charged. It will not be possible to settle the money order transactions in the postmasters' accounts finally until they have been audited; and as this audit will be completed *in periods later* than those in which the postmasters' current accounts are

spread on the postmasters' ledgers, it will be necessary to have a system of debit and credit correction slips, one copy of which will go direct to the postmaster and a duplicate to the clerk auditing the postmaster's cash account.

As such corrections are detected, entries will be made debiting or crediting the various money-order accounts or the money-order fee accounts, the contra-entry in each case going to the "adjustments of money-order accounts." This account will be cleared on receipt of subsequent postmasters' current accounts, when such debits or credits will be taken up by them and shown as a separate item in their current accounts. In effect, therefore, this "adjustments of money-order accounts" will be simply a clearance account in which corrections will be entered as they are discovered, to await the offsetting entries as taken up in the postmasters' current accounts.

CERTIFICATES OF DEPOSIT, UNITED STATES TREASURER, CLEARANCE ACCOUNT.

As explained under the heading "division of finance," all deposits of postmasters with the United States Treasurer or assistant treasurers shown by the recapitulation of postmasters' accounts, will be debited temporarily to this "Clearance account" pending the acknowledgment of such deposits in the transcripts of the Treasurer, when they will be transferred to the debit of the "Division of finance." The necessity for such a clearance account arises, partly, from the fact that deposits by postmasters toward the end of the month may not be taken up in the Treasurer's transcripts until the beginning of the next month, and, partly, from the fact that both the recapitulation of postmasters' accounts and the transcripts from the Treasurer being books of original entry for the proposed system, any debits in one which are offset by credits in the other must necessarily be passed through some such clearance account, where the contrast may be assembled.

The deposits as taken up in the Treasurer's transcripts cover the following in addition to the deposits of present postmasters: Deposits by clerks of court for credit of various revenue accounts, etc.; deposits by or for late postmasters; deposits by finance division of dead letter funds, inspector's collections, etc.; transfers from "special account No. 5," being compromise offers accepted.

As previously explained, the amounts transferred by the division of finance from the separate banking account with the United States Treasurer in connection with the miscellaneous collections above enumerated will, in the first instance, be credited to the "Division of finance" and charged to "Certificates of deposit, United States Treasurer, clearance account." Simultaneously further entries will be made debiting the various suspense accounts (i. e., inspectors' collections, dead letter funds, etc.) and crediting the several revenue accounts or late postmasters' accounts, as the case may be.

A Treasurer's clearance register will require to be kept with suitable columns for the various classes of debits and credits passing through the account which will be debited with the deposits by present postmasters and the deposits by the division of finance, and, as these items are acknowledged, they will be marked off the register as cleared, and the open items will thereupon constitute a portion of the balance of the clearance account. On the other hand, the deposits by clerks of court and other deposits regarding which the Post-Office Department had no previous knowledge will, in the first instance, be credited to "Certificates of deposit, United States Treasurer, clearance account," and transferred therefrom after it has been ascertained which accounts are entitled to credit.

At the end of every month the division of finance will be required to submit statements to the Comptroller's office showing all transactions relating to each of the several bank accounts under its supervision, so that the proper entries for the clearance account may be made on the books in the Comptroller's office.

A reconciliation statement should be prepared each month showing the open debit and credit items which have not yet been cleared, and the difference between the total debits and the total credits on such statement should be equal to the balance of the clearance account on the general books.

CERTIFICATES OF DEPOSIT, DISBURSING POSTMASTERS, CLEARANCE ACCOUNT.

The purpose of this account will be the same as the one just referred to, except that it will relate only to deposits made by smaller post-offices with other designated post-offices. This account will be charged with the deposits by smaller offices as shown by the recapitulation of postmasters' accounts (and for this purpose the deposits will have to be entered in the recapitulation in two

columns, one for those with the United States Treasurer and one for those with designated post-offices) and will be credited with the deposits acknowledged in the accounts of the disbursing postmasters as also reflected by the recapitulation of postmasters' accounts.

A disbursing postmasters' clearance register will have to be kept in the same general manner as above outlined in connection with United States Treasurer's clearance register, and at the end of every month a reconciliation statement should be prepared, the total of which would agree with the balance in the "Certificates of deposit, disbursing postmasters, clearance account" on the general ledger.

DRAFTS ON DISBURSING POSTMASTERS.

It is contemplated that when postmasters are short of funds to pay money orders, etc., they will draw on the disbursing postmaster of that district. This account will be credited from the recapitulation of postmasters' accounts with the drafts drawn by the receiving offices, and will be debited from the same recapitulation with the payments by the disbursing postmasters. The balance in the clearance account at the end of any fiscal period should represent the drafts drawn and cashed at banks, etc., in one month, which have not yet been paid by the disbursing postmasters. Statements of such overlapping items should be prepared at the end of each month, the total of which would agree with the balance of this account on the general ledger.

ADVANCES TO DISBURSING POSTMASTERS.

It is expected that the centralization of fourth-class postmasters' deposits with the disbursing postmasters (which is to be extended to cover nondisbursing Presidential offices as well) will, to a great extent, obviate the necessity of making advances to disbursing postmasters from the funds deposited with the Treasurer of the United States as has hitherto been done. If, however, the expenditures by disbursing postmasters continue, in some csaes, to be greater than the receipts of their offices and the deposits of fourth-class postmasters combined, advances will have to be made to such disbursing postmasters by the Postmaster-General.

Such advances as shown by the warrant registers kept in the finance division will be charged to an account entitled "Advances to disbursing postmasters," this account being relieved of the items as the advances are taken up in the accounts of the postmasters as shown by the recapitulation of postmasters' accounts.

A statement should be prepared of the balances at the end of each month which would agree with the balance in this account. In this connection it may be mentioned that a clearance account for advances to postmasters by the Postmaster-General is kept at present along the above lines.

FOREIGN EXCHANGE PURCHASED.

Bills of exchange purchased in settlement of balances due foreign countries will be recorded in registers setting forth the particulars of the bills, from whom purchased, to whom sent, foreign currency, amount paid therefor, etc. These registers would be kept in the finance division, and at the end of each month the totals will be credited to "Foreign exchange purchased account" and debited to "Foreign ledger account," the details being posted individually in that ledger.

The postmaster at New York, who purchases these bills, will take credit in his current account for the cost thereof, which will be credited "Postmasters' current account" on the general books and charge to "Foreign exchange purchased account."

Lists of the open items will be prepared at the end of each month, total of which should agree with the balance of this account in the general ledger.

Differences in exchange arising in the purchase of foreign exchange will be carried to "Loss or gain on foreign exchange account," already referred to.

FOREIGN EXCHANGE RECEIVED.

Bills of exchange received in settlement of foreign postal or money order balances will be handed to the finance division, which will keep registers in which will be recorded particulars of the drafts, the name of the foreign government, and also the disposition made of the bill of exchange.

At the end of each month these registers will be posted on the same lines as set forth under the heading of "Foreign exchange purchased," the total being debited to "Foreign exchange received" and credited to "Foreign ledger account," the details being posted to the individual accounts in that ledger.

The finance division will send advices to the Comptroller's office so that the audit clerks will be able to see that all foreign exchange sent to New York for collection has been properly accounted for. The postmaster at New York will charge himself with the proceeds of the bills of exchange sent him, which will be credited from the recapitulation of postmasters' accounts to "Foreign exchange received account."

Lists of the open items should be prepared at the end of each month, the total of which would agree with the balance of this account in the general ledger.

Differences in exchange arising from the conversion of bills of exchange will be carried to "Loss or gain on foreign exchange accounts," already referred to.

SUSPENSE, COMPROMISE OFFERS.

Deposits made by failing contractors, bidders, violators of the Postal Laws, etc. (which are at present made in "Special account No. 5," standing in the name of the Secretary of the Treasury), on account of compromise offers, will be credited to "Suspense, compromise offers," pending the determination as to whether such offers will be accepted or rejected and the moneys returned to the proponents. The contras to the credits to this suspense account will be charges to the "Division of finance," as already stated.

In the case of offers accepted entries will be made on the general books from the monthly statement sent to the Comptroller's office by the finance division charging "Certificates of deposit, United States Treasurer, clearance account" and crediting "division of finance." The debit to the clearance account will subsequently be offset by a charge to the "division of finance" on receipt of the Treasurer's transcript, as already explained. Simultaneously with the above entry a further entry will be made debiting "Suspense, compromise offers," and crediting late postmasters, revenue, audited expenditures, or other accounts entitled to credit.

For moneys returned to the proponents entries will be made charging "Suspense, compromise offers," and crediting "division of finance," the source of these entries being the monthly statements sent to the Comptroller's office by the finance division, as already stated.

The proof of this account will be obtained by ascertaining that the balance at the end of the month, together with the balance of "Suspense, inspectors' collections," referred to later, is equal to the separate banking account kept by the finance division with the United States Treasurer.

Registers of the transactions affecting this account will be kept and a list of open items taken off monthly, which should agree with the balance on the general ledger.

SUSPENSE, DEAD-LETTER FUNDS.

As stated under the heading "finance division," statements will be sent to the Comptroller's office monthly by the division of dead letters, showing all moneys found in letters opened by that division, which statement should be certified jointly by the opening branch and the money branch. The total of these collections will be charged to the "finance division" and credited to "Suspense, dead-letter funds."

Statements of payments made by the money branch of the division of dead letters will also be forwarded to the Comptroller's office monthly, which should be accompanied by proper vouchers. This statement will show: (1) The money turned over to the finance division to be credited to postal revenues; and (2) moneys returned to the public.

In regard to the money turned over to the finance division to be deposited with the United States Treasurer for credit of postal revenues, the following entry will be made:

The finance division will be credited and "Certificates of deposit, United States Treasurer, clearance account" charged, which latter amount will be offset upon receipt of the transcript from the Treasurer. Simultaneously, an entry will be made charging "Suspense, dead letter funds," and crediting revenue.

For the moneys returned to the public an entry will be made charging "Suspense, dead letter funds," and crediting "Finance division." As already stated under the heading "Finance division," the balance to the credit of "Suspense, dead letter funds," should represent the amount of money in the hands of the cashier, money branch, division of dead letters.

SUSPENSE—INSPECTORS' COLLECTIONS.

The collections by inspectors in the field will, as already stated, be charged to "Finance division" and credited to "Suspense, inspectors' collections." The portion thereof immediately disbursed in the field will, on the other hand, be charged to "Suspense, inspectors' collections," and credited to "Finance division." The balance of the inspectors' collections, being the moneys remitted to Washington, turned over to the finance division, and deposited by the latter in a separate account with the United States Treasurer, will be equal to the credit in the account "Suspense, inspectors' collections," after the two above entries have been put through.

The manner in which these funds will be dealt with on the general books has already been commented upon under the heading "Finance division," but it may be mentioned briefly that a statement will be prepared monthly by the chief inspector, which will show among other things the disbursements out of the inspectors' collections under the following heads: Moneys returned to the public; moneys deposited in "Special account No. 5," and moneys deposited with the Treasurer of the United States for: (1) Deposits of late postmasters; (2) revenue from fines and penalties; (3) revenue—miscellaneous receipts; (4) refunds of audited expenditures, etc.

The moneys returned to the public will be debited to "Suspense, inspectors' collections,', and credited to "Finance division."

The deposit of moneys in "Special account No. 5" will be an internal transaction within the division of finance and an entry, therefore, will require to be made on the general books debiting "Suspense, inspectors' collections," and crediting "Suspense, compromise offers."

Moneys deposited with the Treasurer of the United States will be credited to "Finance division" and debited to "Certificates of deposit, U. S. Treasurer, clearance account," and the entries in the latter account will be offset in due course on receipt of the transcripts. Simultaneously with the entry crediting the "Clearance account" from the transcripts, further entries will be made debiting "Suspense, inspectors' collections," and crediting late postmasters, fines and penalties, miscellaneous receipts, audited expenditures, etc.

Registers of these inspectors' collections will be kept in the chief inspector's office and a statement of the open items submitted at the end of each month. A proof of this statement and of the balance in the suspense account will be obtained by ascertaining that the balance in the "Suspense, inspectors' collections account," together with the balance in the "Suspense, compromise offers account," is equal to the balance in the separate account with the United States Treasurer as shown by the books in the finance division.

DRAFTS SENT FOR COLLECTION ACCOUNT—COLLECTION DRAFTS IN SUSPENSE.

The drafts sent postmasters for collection may be considered to be of two general classes, namely: Those against postmasters and late postmasters, and those against failing bidders, contractors, violators of postal laws, etc.

The total amount of drafts drawn for these purposes will be charged to "Drafts sent for collection accounts" and credited to "Collection drafts in suspense." Draft registers will be kept divided in accordance with the above distinction. There is no necessity for the postmasters to charge themselves with the drafts until they are actually paid; they should, however, report them on their cash accounts in memorandum form so that the total of the uncollected drafts per the postmasters' statements may always be compared with the draft registers.

These collections, as shown by the recapitulation of postmasters' accounts, will be debited to the postmasters and credited to "Drafts sent for collection account." Simultaneously further entries will be made for such collections, charging "Collection drafts in suspense" and crediting late postmasters, fines and penalties, miscellaneous receipts, or other accounts entitled to credit. If the drafts are found by postmasters to be uncollectible, they will be returned to Washington and entries made charging "Collection drafts in suspense" and crediting "Drafts sent for collection."

UNAPPLIED NATIONAL-BANK DEPOSITS.

As stated under the heading of "Finance division," most of the deposits in national banks to the credit of the Postmaster-General are made by clerks of court, being collections by them from violators of postal laws, failing contractors, etc., and in connection with the adjudication of balances against postmasters. Inasmuch as the application of the deposits may not always be clear from the face of the certificates (one of which should be forwarded to the Comptroller's office), the total deposits as shown by the transcripts to be received monthly should be temporarily credited to "Unapplied national-bank deposits" (the contra being a debit to the finance division), this account being relieved after it has been ascertained which accounts are entitled to credit.

DEPOSITS BY THE PUBLIC.

As explained in this report no endeavor has heretofore been made by the Department to keep an account of the deposits made by the public for special-request envelopes, key deposits, deposits on account of second, third, and fourth class postage paid in money and deposits pending admission to the second-class mailing privilege under the 1 cent per pound rate. Inasmuch as the Government is liable to the public, at least in some cases, for these deposits and in keeping with the most elementary principles of accounting, it is most important that these deposits should be recorded on the general books; firstly, to exercise some control over these transactions; and, secondly, to enable the Department to see that the Postmasters' bonds are commensurate with the funds handled by them whether belonging to the Government or held for the public. These deposits should be remitted to the regular depositaries like other funds.

The deposits as enumerated should be debited in the cash accounts of the postmasters under the heading of "Deposits by the public." On the other hand, amounts returned to the public should be credited in their cash accounts. It is intended that the whole amount of the second, third, and fourth class postage received in money, whether collected for specific mailings or consisting of deposits of round sums on account of future mailings should be included on the debit side of the cash account under the heading of "Deposits by the public." Accompanying the postmasters' cash accounts subsidiary statements should be sent in, showing the following information under the various headings for which such deposits are received:

Deposits on hand at the beginning of period		$_____
Deposits received during the period (including the cash collected for specific mailings) per counterfoil numbered receipts, which should be countersigned by the depositors or their representatives		_____
Together		_____
Less:		
Moneys returned to the public, per receipts	$_____	
Mailings deducted from the deposits, per counterfoil numbered receipts, which should be countersigned by the depositors or their representatives	_____	
Stamps sent to Division of Classification on account of nonadmission to second-class mailing privilege at pound rate	_____	
	_____	_____
Balance, being deposits on hand at end of period, per lists		_____

It will be seen from the foregoing that the deposits actually received by the postmasters would be debited in their current accounts without particular regard to the accrued revenue earned from those deposits. This information would, however, be spread on the postmasters' accounts and recapitulations by having suitable headings for the various classes of revenue on the debit side, and a contra column entitled "Deposits by the public used" on the credit side, so that the exact amount of revenue of each office would always be apparent on the postmasters' ledgers, and proper entries could be made in the account to be opened "Deposits by the public."

The latter account would be credited with all deposits by the public, as shown by the recapitulation of postmasters' accounts, and would be debited with: (*a*) The moneys returned to the public, as shown by the recapitulation of postmasters' accounts; (*b*) the amount of failings deducted from the deposits, as shown by the credit column in the recapitulation of postmasters' accounts above referred to, namely, "Deposits by the public used;" and (*c*) the amount of stamps sent to the classification section, as shown in a separate column to be provided in the postmasters' accounts and recapitulation thereof.

The classification section should report the amount of stamps received by it to the audit clerks, so that the credit in postmasters' accounts for stamps sent to that division would be verified.

After all these entries have been made the balance of the "Deposits by the public" account will represent the actual amount of deposits on hand with postmasters not yet creditable to revenue, details of which will be shown on the recapitulation of the postmasters' accounts, and the items in such accounts being further substantiated by the detail lists of open balances sent in by postmasters at the end of every month, or whatever period may be considered necessary. Owing to the vast amount of detail involved it may not be found necessary to require the postmasters to send in a detailed list of the key deposits oftener than, say, once a year, but the total amount of the key deposits will be shown by the subsidiary statement above outlined accompanying the postmasters' cash accounts, together with the lists of individual items for the other classes of deposits.

In auditing the postmasters' accounts it should be seen that all counterfoil receipts in consecutive order are accounted for, and that they are properly countersigned by the depositors. This latter safeguard may not be found justifiable in connection with box rents, key deposits, and other items of a minor character, but should be instituted in regard to publishers and other depositors where large sums are involved.

As a further verification of the balances due depositors as reported by postmasters, tests might be made in the Comptroller's Division at the close of each month by communicating directly with a number of publishers and others selected at random for confirmation of the balances.

Proper bookkeeping control over these deposits will doubtless entail a considerable amount of detail work, but considering the amounts involved and the temptations for irregularities before postmasters, in the absence of a requirement to account for these funds, it appears that this work is fully justifiable. It may be, however, that after the system is thoroughly established and it is found that postmasters are making proper returns the interval at which detail statements of open balances are required may be extended from once each month to, say, once each quarter, thus considerably reducing the amount of work involved.

(*a*) MANUFACTURED STAMPS AND STAMPED PAPER WITH CONTRACTORS; (*b*) STAMPS AND STAMPED PAPER CLEARANCE ACCOUNT; (*c*) STAMPS AND STAMPED PAPER CONSIGNMENT ACCOUNT—ACCOUNTING OFFICES; (*d*) STAMPS AND STAMPED PAPER CONSIGNMENT ACCOUNT—NONACCOUNTING OFFICES; (*e*) STAMPS AND STAMPED PAPER SUSPENSE ACCOUNT.

Considering the fact that stamps and stamped paper are practically negotiable paper, it appears most desirable that a complete record should be kept on the general books showing the disposition of all stamps and stamped paper manufactured.

The face value of stamps and stamped paper manufactured should be reported to the Comptroller's Office by the agents representing the Post-Office Department at the several plants where stamps and stamped paper are manufactured. The amounts shown by these reports should be debited to "Manufactured stamps and stamped paper with contractors" account and credited to "Stamped and stamped paper suspense account."

The supply division should keep ledgers, by sections of the country corresponding with the sections under which the postmasters' accounts will be kept, of all stamps and stamped paper shipped to postmasters, distinguishing between accounting and nonaccounting offices, and their records should be written up from advices of shipment received from the stamp and stamped paper agents. The total as reported by the Department agents will be credited on the general books to "Manufactured stamps and stamped paper with contractor's account," and charged as regards accounting offices to "Stamps and stamped paper clear-

ance account," and, in the case of nonaccounting offices, to "Stamps and stamped paper consignment account, nonaccounting offices."

The stamps and stamped paper received by accounting offices, as shown by the recapitulation of postmasters' accounts, will be debited to "Stamps and stamped paper consignment account, accounting offices" and credited to the clearance account.

The sales as shown by the final recapitulation of the postmasters' accounts will be credited to revenue, and simultaneously a further entry will be made crediting "Stamps and stamped paper consignment account, accounting offices" and charging "Stamps and stamped paper suspense accounts."

At the end of any fiscal period the balances on the several accounts previously mentioned should represent: (*a*) The manufactured stock on hand at the several manufacturing plants or subagencies, which should agree with the actual inventory at the close of each month; (*b*) the amount of stamps and stamped paper in transit to accounting postmasters, reconciliation statements thereof should be prepared, the total of which should be equal to the balance in "Stamps and stamped paper clearance accounts;" (*c*) the stamps and stamped paper in the hands of accounting postmasters, which should agree with the total inventories of stamps and stamped paper, as shown by the recapitulation of postmasters' accounts; (*d*) the total amount of stamps and stamped paper in the hands of nonaccounting postmasters (impressed stock), records of which by postmasters should be kept in the Comptroller's division; and (*e*) the amount of stamps and stamped paper at the plants, in the hands of postmasters, and in transit. (This will be a credit account offsetting the other four accounts.)

In this connection it would appear desirable to continue the present practice of showing the transactions relating to stamps and stamped paper in memorandum form in the postmasters' accounts, so that the monetary transactions will not be affected; since if the stamp transactions are totaled in the recapitulations of the postmasters' accounts in the same way as monetary items, the control will be equally as effective as if the inventories of stamps were merged with the money balances against postmasters.

The damaged stamps and stamped paper returned to Washington and the credits allowed postmasters on dead-letter bills will be debited to the above "Suspense account" and credited to "Consignment account, accounting offices."

The "Stamps and stamped paper clearance accounts" referred to above is suggested so that "Manufactured stamps and stamped paper with contractor's account" may be credited with all stamps shipped, as shown by the Department agents' reports; and, on the other hand, postmasters charged with only the amount of such shipments as have actually been received by them.

In this connection we would mention that the present practice is to adjust postmasters' accounts in the "Auditor's" column therein so that the postmasters will be debited with all stamps shipped regardless of the question whether the shipments toward the close of any quarter are actually received by the postmaster in that quarter. This method on the surface appears to work quite satisfactorily; and if the Department decides that there is no real objection to charging the postmasters in one month with stamps which they may not receive until the next, perhaps the present practice might be continued, in which case the clearance account will not be needed in that exact form. If, however, the present plan is continued, inasmuch as all shipments will be credited to "Manufactured stamps and stamped paper with contractor's account," any shipments to postmasters who are delinquent in rendering their cash accounts will require to be recorded temporarily in another clearance account pending the receipt of such delinquent postmasters' accounts, when the shipments will be transferred therefrom and charged to that of the postmasters.

The above scheme provides for control of all transactions relating to stamps and stamped paper after the actual manufacture thereof. The verification of the amount manufactured will have to be made in separate stock books kept by the agents at the several plants, the general scheme being as follows:

All raw paper shipped to the stamp contractors will be delivered to the Department's agents at the several plants. The agent will check off the invoice as rendered by the paper supplier and enter the total amount in quantities or weights in the proper accounts in a stock ledger. The agent will turn over the paper as required to the manufacturer and will charge him therewith in quantities or weights. The manufacturer will be required to report daily to the agent the amount and denomination of the stamps or stamped paper manu-

The latter account would be credited with all deposits by the public, as shown by the recapitulation of postmasters' accounts, and would be debited with: (*a*) The moneys returned to the public, as shown by the recapitulation of postmasters' accounts; (*b*) the amount of failings deducted from the deposits, as shown by the credit column in the recapitulation of postmasters' accounts above referred to, namely, "Deposits by the public used;" and (*c*) the amount of stamps sent to the classification section, as shown in a separate column to be provided in the postmasters' accounts and recapitulation thereof.

The classification section should report the amount of stamps received by it to the audit clerks, so that the credit in postmasters' accounts for stamps sent to that division would be verified.

After all these entries have been made the balance of the "Deposits by the public" account will represent the actual amount of deposits on hand with postmasters not yet creditable to revenue, details of which will be shown on the recapitulation of the postmasters' accounts, and the items in such accounts being further substantiated by the detail lists of open balances sent in by postmasters at the end of every month, or whatever period may be considered necessary. Owing to the vast amount of detail involved it may not be found necessary to require the postmasters to send in a detailed list of the key deposits oftener than, say, once a year, but the total amount of the key deposits will be shown by the subsidiary statement above outlined accompanying the postmasters' cash accounts, together with the lists of individual items for the other classes of deposits.

In auditing the postmasters' accounts it should be seen that all counterfoil receipts in consecutive order are accounted for, and that they are properly countersigned by the depositors. This latter safeguard may not be found justifiable in connection with box rents, key deposits, and other items of a minor character, but should be instituted in regard to publishers and other depositors where large sums are involved.

As a further verification of the balances due depositors as reported by postmasters, tests might be made in the Comptroller's Division at the close of each month by communicating directly with a number of publishers and others selected at random for confirmation of the balances.

Proper bookkeeping control over these deposits will doubtless entail a considerable amount of detail work, but considering the amounts involved and the temptations for irregularities before postmasters, in the absence of a requirement to account for these funds, it appears that this work is fully justifiable. It may be, however, that after the system is thoroughly established and it is found that postmasters are making proper returns the interval at which detail statements of open balances are required may be extended from once each month to, say, once each quarter, thus considerably reducing the amount of work involved.

(*a*) MANUFACTURED STAMPS AND STAMPED PAPER WITH CONTRACTORS; (*b*) STAMPS AND STAMPED PAPER CLEARANCE ACCOUNT; (*c*) STAMPS AND STAMPED PAPER CONSIGNMENT ACCOUNT—ACCOUNTING OFFICES; (*d*) STAMPS AND STAMPED PAPER CONSIGNMENT ACCOUNT—NONACCOUNTING OFFICES; (*e*) STAMPS AND STAMPED PAPER SUSPENSE ACCOUNT.

Considering the fact that stamps and stamped paper are practically negotiable paper, it appears most desirable that a complete record should be kept on the general books showing the disposition of all stamps and stamped paper manufactured.

The face value of stamps and stamped paper manufactured should be reported to the Comptroller's Office by the agents representing the Post-Office Department at the several plants where stamps and stamped paper are manufactured. The amounts shown by these reports should be debited to "Manufactured stamps and stamped paper with contractors" account and credited to "Stamped and stamped paper suspense account."

The supply division should keep ledgers, by sections of the country corresponding with the sections under which the postmasters' accounts will be kept, of all stamps and stamped paper shipped to postmasters, distinguishing between accounting and nonaccounting offices, and their records should be written up from advices of shipment received from the stamp and stamped paper agents. The total as reported by the Department agents will be credited on the general books to "Manufactured stamps and stamped paper with contractor's account," and charged as regards accounting offices to "Stamps and stamped paper clear-

ance account," and, in the case of nonaccounting offices, to "Stamps and stamped paper consignment account, nonaccounting offices."

The stamps and stamped paper received by accounting offices, as shown by the recapitulation of postmasters' accounts, will be debited to "Stamps and stamped paper consignment account, accounting offices" and credited to the clearance account.

The sales as shown by the final recapitulation of the postmasters' accounts will be credited to revenue, and simultaneously a further entry will be made crediting "Stamps and stamped paper consignment account, accounting offices" and charging "Stamps and stamped paper suspense accounts."

At the end of any fiscal period the balances on the several accounts previously mentioned should represent: (*a*) The manufactured stock on hand at the several manufacturing plants or subagencies, which should agree with the actual inventory at the close of each month; (*b*) the amount of stamps and stamped paper in transit to accounting postmasters, reconciliation statements thereof should be prepared, the total of which should be equal to the balance in "Stamps and stamped paper clearance accounts;" (*c*) the stamps and stamped paper in the hands of accounting postmasters, which should agree with the total inventories of stamps and stamped paper, as shown by the recapitulation of postmasters' accounts; (*d*) the total amount of stamps and stamped paper in the hands of nonaccounting postmasters (impressed stock), records of which by postmasters should be kept in the Comptroller's division; and (*e*) the amount of stamps and stamped paper at the plants, in the hands of postmasters, and in transit. (This will be a credit account offsetting the other four accounts.)

In this connection it would appear desirable to continue the present practice of showing the transactions relating to stamps and stamped paper in memorandum form in the postmasters' accounts, so that the monetary transactions will not be affected; since if the stamp transactions are totaled in the recapitulations of the postmasters' accounts in the same way as monetary items, the control will be equally as effective as if the inventories of stamps were merged with the money balances against postmasters.

The damaged stamps and stamped paper returned to Washington and the credits allowed postmasters on dead-letter bills will be debited to the above "Suspense account" and credited to "Consignment account, accounting offices."

The "Stamps and stamped paper clearance accounts" referred to above is suggested so that "Manufactured stamps and stamped paper with contractor's account" may be credited with all stamps shipped, as shown by the Department agents' reports; and, on the other hand, postmasters charged with only the amount of such shipments as have actually been received by them.

In this connection we would mention that the present practice is to adjust postmasters' accounts in the "Auditor's" column therein so that the postmasters will be debited with all stamps shipped regardless of the question whether the shipments toward the close of any quarter are actually received by the postmaster in that quarter. This method on the surface appears to work quite satisfactorily; and if the Department decides that there is no real objection to charging the postmasters in one month with stamps which they may not receive until the next, perhaps the present practice might be continued, in which case the clearance account will not be needed in that exact form. If, however, the present plan is continued, inasmuch as all shipments will be credited to "Manufactured stamps and stamped paper with contractor's account," any shipments to postmasters who are delinquent in rendering their cash accounts will require to be recorded temporarily in another clearance account pending the receipt of such delinquent postmasters' accounts, when the shipments will be transferred therefrom and charged to that of the postmasters.

The above scheme provides for control of all transactions relating to stamps and stamped paper after the actual manufacture thereof. The verification of the amount manufactured will have to be made in separate stock books kept by the agents at the several plants, the general scheme being as follows:

All raw paper shipped to the stamp contractors will be delivered to the Department's agents at the several plants. The agent will check off the invoice as rendered by the paper supplier and enter the total amount in quantities or weights in the proper accounts in a stock ledger. The agent will turn over the paper as required to the manufacturer and will charge him therewith in quantities or weights. The manufacturer will be required to report daily to the agent the amount and denomination of the stamps or stamped paper manu-

The latter account would be credited with all deposits by the public, as shown by the recapitulation of postmasters' accounts, and would be debited with: (*a*) The moneys returned to the public, as shown by the recapitulation of postmasters' accounts; (*b*) the amount of failings deducted from the deposits, as shown by the credit column in the recapitulation of postmasters' accounts above referred to, namely, "Deposits by the public used;" and (*c*) the amount of stamps sent to the classification section, as shown in a separate column to be provided in the postmasters' accounts and recapitulation thereof.

The classification section should report the amount of stamps received by it to the audit clerks, so that the credit in postmasters' accounts for stamps sent to that division would be verified.

After all these entries have been made the balance of the "Deposits by the public" account will represent the actual amount of deposits on hand with postmasters not yet creditable to revenue, details of which will be shown on the recapitulation of the postmasters' accounts, and the items in such accounts being further substantiated by the detail lists of open balances sent in by postmasters at the end of every month, or whatever period may be considered necessary. Owing to the vast amount of detail involved it may not be found necessary to require the postmasters to send in a detailed list of the key deposits oftener than, say, once a year, but the total amount of the key deposits will be shown by the subsidiary statement above outlined accompanying the postmasters' cash accounts, together with the lists of individual items for the other classes of deposits.

In auditing the postmasters' accounts it should be seen that all counterfoil receipts in consecutive order are accounted for, and that they are properly countersigned by the depositors. This latter safeguard may not be found justifiable in connection with box rents, key deposits, and other items of a minor character, but should be instituted in regard to publishers and other depositors where large sums are involved.

As a further verification of the balances due depositors as reported by postmasters, tests might be made in the Comptroller's Division at the close of each month by communicating directly with a number of publishers and others selected at random for confirmation of the balances.

Proper bookkeeping control over these deposits will doubtless entail a considerable amount of detail work, but considering the amounts involved and the temptations for irregularities before postmasters, in the absence of a requirement to account for these funds, it appears that this work is fully justifiable. It may be, however, that after the system is thoroughly established and it is found that postmasters are making proper returns the interval at which detail statements of open balances are required may be extended from once each month to, say, once each quarter, thus considerably reducing the amount of work involved.

(*a*) MANUFACTURED STAMPS AND STAMPED PAPER WITH CONTRACTORS; (*b*) STAMPS AND STAMPED PAPER CLEARANCE ACCOUNT; (*c*) STAMPS AND STAMPED PAPER CONSIGNMENT ACCOUNT—ACCOUNTING OFFICES; (*d*) STAMPS AND STAMPED PAPER CONSIGNMENT ACCOUNT—NONACCOUNTING OFFICES; (*e*) STAMPS AND STAMPED PAPER SUSPENSE ACCOUNT.

Considering the fact that stamps and stamped paper are practically negotiable paper, it appears most desirable that a complete record should be kept on the general books showing the disposition of all stamps and stamped paper manufactured.

The face value of stamps and stamped paper manufactured should be reported to the Comptroller's Office by the agents representing the Post-Office Department at the several plants where stamps and stamped paper are manufactured. The amounts shown by these reports should be debited to "Manufactured stamps and stamped paper with contractors" account and credited to "Stamped and stamped paper suspense account."

The supply division should keep ledgers, by sections of the country corresponding with the sections under which the postmasters' accounts will be kept, of all stamps and stamped paper shipped to postmasters, distinguishing between accounting and nonaccounting offices, and their records should be written up from advices of shipment received from the stamp and stamped paper agents. The total as reported by the Department agents will be credited on the general books to "Manufactured stamps and stamped paper with contractor's account," *and charged* as regards accounting offices to "Stamps and stamped paper clear-

ance account," and, in the case of nonaccounting offices, to "Stamps and stamped paper consignment account, nonaccounting offices."

The stamps and stamped paper received by accounting offices, as shown by the recapitulation of postmasters' accounts, will be debited to "Stamps and stamped paper consignment account, accounting offices" and credited to the clearance account.

The sales as shown by the final recapitulation of the postmasters' accounts will be credited to revenue, and simultaneously a further entry will be made crediting "Stamps and stamped paper consignment account, accounting offices" and charging "Stamps and stamped paper suspense accounts."

At the end of any fiscal period the balances on the several accounts previously mentioned should represent: (*a*) The manufactured stock on hand at the several manufacturing plants or subagencies, which should agree with the actual inventory at the close of each month; (*b*) the amount of stamps and stamped paper in transit to accounting postmasters, reconciliation statements thereof should be prepared, the total of which should be equal to the balance in "Stamps and stamped paper clearance accounts;" (*c*) the stamps and stamped paper in the hands of accounting postmasters, which should agree with the total inventories of stamps and stamped paper, as shown by the recapitulation of postmasters' accounts; (*d*) the total amount of stamps and stamped paper in the hands of nonaccounting postmasters (impressed stock), records of which by postmasters should be kept in the Comptroller's division; and (*e*) the amount of stamps and stamped paper at the plants, in the hands of postmasters, and in transit. (This will be a credit account offsetting the other four accounts.)

In this connection it would appear desirable to continue the present practice of showing the transactions relating to stamps and stamped paper in memorandum form in the postmasters' accounts, so that the monetary transactions will not be affected; since if the stamp transactions are totaled in the recapitulations of the postmasters' accounts in the same way as monetary items, the control will be equally as effective as if the inventories of stamps were merged with the money balances against postmasters.

The damaged stamps and stamped paper returned to Washington and the credits allowed postmasters on dead-letter bills will be debited to the above "Suspense account" and credited to "Consignment account, accounting offices."

The "Stamps and stamped paper clearance accounts" referred to above is suggested so that "Manufactured stamps and stamped paper with contractor's account" may be credited with all stamps shipped, as shown by the Department agents' reports; and, on the other hand, postmasters charged with only the amount of such shipments as have actually been received by them.

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The above scheme provides for control of all transactions relating to stamps and stamped paper after the actual manufacture thereof. The verification of the amount manufactured will have to be made in separate stock books kept by the agents at the several plants, the general scheme being as follows:

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All raw paper shipped to the stamp contractors will be delivered to the Department's agents at the several plants. The agent will check off the invoice as rendered by the paper supplier and enter the total amount in quantities or weights in the proper accounts in a stock ledger. The agent will turn over the paper as required to the manufacturer and will charge him therewith in quantities or weights. The manufacturer will be required to report daily to the agent the amount and denomination of the stamps or stamped paper manu-

factured, together with the number of sheets of stamps or stamped paper spoiled, which he will verify. From this report the agent will compute the quantity or weight consumed and give the manufacturer credit upon his stock books for the stock manufactured and delivered. Simultaneously the respective inventory accounts in the stock books will be charged with the face value of the stamps, etc., which, in turn, will be credited with the stamps and stamped paper as issued to postmasters.

The bills rendered by the stamps and stamped paper contractors will be verified by the Department's agent from the accounts of stamps and stamped paper issued to postmasters, and a similar check will be available from the general books.

GENERAL REVENUE AND EXPENDITURE ACCOUNTS.

This account is intended to assemble the revenues and expenditures of the Post-Office Department and postal service so that the net balance for each year may represent the deficit or profit.

One account will be kept for each year, which will be debited with all expenditures and credited with all revenues applicable to that year, and the balance at the end of the year will be transferred to the debit (if a deficit) or to the credit (if a profit) of the "Grants from the General Treasury account" for that year.

Amounts paid in subsequent years for liabilities incurred in a prior year will first be passed through the appropriation account of the earlier year and then charged to the "General revenue and expenditure account" of that year, which will be closed out annually to the "Grants from the General Treasury account" for the corresponding year.

GRANTS FROM THE GENERAL TREASURY.

One account will be kept for each year, entitled "Grants from the General Treasury," to which will be transferred the net deficit or surplus, as explained under the preceding heading. The account will also be credited with advances made by the Treasurer (usually a million dollars at a time) to meet any excess of expenditures over revenue.

The balance of the account at the end of the year, if a debit balance, will represent the amount due by the United States to the postal service to make up a deficiency, or, if a credit balance, the amount due to the United States by the postal service for the profit on operations or excess of round-sum advances received from the Treasury over requirements. Each year's account will be kept open for three years (the life of the appropriations), after which any credit balance would be covered into the Treasury by warrant, the entry being a credit to the "Finance division," and a debit to "Grants from the General Treasury."

TREASURY GRANTS FOR SPECIFIC CLAIMS.

As stated above, appropriations lapse three years after the close of the fiscal year to which they relate, and any funds on hand for these years are then covered into the Treasury. Consequently, where expenditures require to be made which relate to years for which the appropriations have lapsed special acts of Congress are passed for the payment thereof. A certificate covering such claims is issued to the Secretary of the Treasury by the Auditor, as a result of which the amounts are placed by the Treasurer to the credit of the Postmaster-General for the service of the Post-Office Department, and a certificate of deposit issued by the Treasurer and the amount included in his transcript.

The "Grants for specific claims acount" will be credited from the transcripts with the amounts placed to the credit of the Postmaster-General by the Treasurer, the contra being a debit to the "Division of finance." The debits to the account will be made from the warrant register, to be kept in the finance division. If such claims for which private acts have been passed are not finally paid, the amounts will be covered into the Treasury by warrant, the entry being a credit to the "Finance Division" and a debt to "Grants for specific claims account."

BALANCE ACCOUNT, JULY 1, 190—.

If all current assets and liabilities could be accurately ascertained at the time the books are opened, the two should exactly offset each other, inasmuch as any losses or profits have hitherto been closed into the account with the Treasurer of the United States. If, however, a difference is found to exist, it should be set up in a balance account.

Under the present system it would appear to be impossible to arrive at the

correct amount of outstanding liability on money orders at the time the books are opened. Whatever figures are reported by the Auditor should, however, be used to open the books, whether right or wrong, and all orders paid after the installation of the system which were issued prior thereto should be charged against the balances reported by the Auditor. Any differences subsequently found to exist should eventually be transferred to the "Balance account."

For the first few years after the installation of the system debits and credits will probably be made in that account arising from corrections of balances as first set up, but after the system has been in use a sufficient length of time to establish the correctness of the figures on the general books the "Balance account" should become a fixed amount, which would not vary by current transactions. It would appear desirable that this account should eventually be closed out of the books of the postal service after the figures have been established either by the exchange of cash between the Postmaster-General and the Treasurer of the United States, or by a bookkeeping entry debiting or crediting the Treasurer and letting him deal with the matter as may be directed by special act of Congress.

General Remarks.

The work in the bookkeeping division of the office of the Auditor for the Post-Office Department is now sectionalized by States, but, in order to conform with the classification by districts, suggested in the main report, it will be necessary that the books and records to be kept in the Comptroller's office should also be sectionalized by districts, to the end that eventually the whole work of the Post-Office Department and postal service may be arranged uniformly.

Regarding the system of control outlined throughout the above report, it should be pointed out that in view of the multiplicity of transactions occurring in an institution of this magnitude it is absolutely necessary that this control should be sectionalized to a point where effective control can be administered, and this can most advantageously be done by adopting a sectionalization by districts in conformity with other features of the service, as already stated. In this manner differences could be located with less rechecking, and any inefficiency on the part of certain of the employees whose work fits into the general system would readily be brought to light.

The manner of keeping the various clearance, suspense, and transit accounts has already been commented upon in the foregoing remarks, and it may be added here that the necessity therefor arises from the fact that in order to have a proper system of double-entry bookkeeping a debit and credit entry requires to be made for every transaction or group of transactions. Inasmuch, however, as such debits and credits will not always be reported on the same dates, owing to the time which it takes for postmasters' accounts to reach Washingon, etc., it is necessary to record the transactions in such temporary accounts until the corresponding items are taken up in the other portion of the system affected. Another object in having these clearance accounts, etc., is to avoid the necessity of reconciling overlapping items on each individual postmaster's account by having this work done in the aggregate in separate registers to be kept. It will be one of the duties of the Comptroller's office to ascertain at the close of each month that all the open balances in these various temporary accounts are of recent date and in order, for otherwise it might be possible for irregularities in postmasters' accounts, or elsewhere, to remain undetected for a considerable length of time.

In the course of our examination we were informed that audit clerks, bookkeepers, etc., were not changed about except as required by the volume of work, etc. Under such conditions by collusion between a clerk and a postmaster irregularities were possible with little fear of detection, and while the automatic checks suggested will, to a great extent, eliminate such possibilities, in future it should be the practice to transfer clerks periodically from the records of one district to those of another in order to minimize the possibility for irregularities now existing.

It has been mentioned at the outset of this memorandum that the services rendered by other Departments of the Government for the Post-Office Department and postal service and vice versa should be paid for by the Department which received the services out of appropriations to be made for that Department. If, however, this recommendation is not adopted, in order that the books above outlined may show the whole transactions relating to the Post-Office Department and postal service, it will be necessary to spread the cost of such services rendered by one Department for another on the books by means of journal *entries*, debiting "Expenditures" or crediting "Revenues," the

contras going to some nominal account to be opened, which eventually would have to be closed out to the "Grants from the Treasury account."

SUGGESTED CARD OF ACCOUNTS FOR GENERAL LEDGER.

Appropriation accounts:
- General fund.
- Unexpended appropriations.

Revenue and expenditure accounts:
- Audited expenditures.
- Losses by burglary, fire, bad debts, etc.
- Revenue accounts, postal service—
  - Sales of stamps and stamped paper, etc.—
    - Public.
    - Nonaccounting offices.
  - Second-class postage (pound rate) paid in money.
  - Third and fourth class postage paid in money.
  - Letter postage—
    - Deficiency postage on foreign registered mails.
    - Balance due from foreign countries.
  - Box rents.
  - Fines and penalties.
  - Receipts from unclaimed dead letters.
  - Miscellaneous revenue.
  - Registry fees.
  - Special delivery fees.
- Money order fees collected—
  - Domestic.
  - International.
- Commissions paid foreign governments.
- Commissions received from foreign governments.
- Loss or gain on foreign exchange.
- Miscellaneous revenue, money-order business.
- Commissions paid third and fourth class offices—
  - Domestic.
  - International.
- Unpaid money orders more than one year old.
- Money orders more than one year old, paid.

Cash and bank accounts:
- Division of finance—
  - One account would be kept on general ledger for division of finance, but in that division separate records would have to be kept of following classes of funds, viz—
    - United States Treasurer and Assistant Treasurer, general account.
    - National banks.
    - United States Treasurer's Special No. 5, account.
    - United States Treasurer, inspector's collections.
    - Cashier, division of dead letters.

Accounts receivable and payable:
- Postmasters' current accounts.
- Late postmasters' accounts.
- Audited vouchers.
- Foreign ledger (for both postal and money order accounts of foreign countries).
- Domestic money orders issued.
- Domestic money orders paid.
- Foreign money orders paid.
- International money orders issued.
- International money orders payable.
- Adjustments of money-order accounts.

Clearance accounts:
- Certificates of deposits—
  - U. S. Treasurer.
  - Disbursing postmasters.
- Drafts on disbursing postmasters.
- Advances to disbursing postmasters.
- *Foreign* exchange purchased.
- *Foreign exchange* received.

Suspense accounts:
- Suspense—
  - Compromise offers.
  - Dead letter funds.
  - Inspectors' collections.
- Drafts sent for collection.
- Collection of drafts in suspense.
- Unapplied national bank deposits.
- Deposits by the public.

Stamps and stamped paper accounts:
- Manufactured stamps and stamped paper with contractors, etc.
- Stamps and stamped paper suspense account.
- Stamps and stamped paper in transit.
- Stamps and stamped paper consignment account—
  - Accounting offices.
  - Nonaccounting offices.

Accounts with the United States:
- General revenue and expenditure account.
- Grants from the General Treasury.
- Treasury grants for specific claims.
- Balance account—July 1, 190—.

Chart showing columns for recapitulation of postmasters' accounts and general ledger accounts to which they would be posted.

RECORD OF STAMPS, ETC., STOCK.	ACCOUNTS TO BE DEBITED.	ACCOUNTS TO BE CREDITED.
Inventory at beginning.		
Received during period	Stamps and stamped paper consignment account accounting offices.	Stamps and stamped paper clearance account.
Together		
Less credits		
Inventory at end		
Dead letter bills	Stamps and stamped paper suspense account.	Stamps and stamped paper consignment account accounting offices.
Damaged stamps, etc., redeemed		

DEBITS TO POSTMASTERS.	ACCOUNTS TO BE CREDITED.
Sales of stamps and stamped paper:	
To public	Various revenue accounts.
To nonaccounting offices	
Other postal revenue, consisting of—	
Excess on stamps sold	
Sales of waste paper, twine, etc	
Box rents	
Letter postage	
Miscellaneous	
Deposits by the public	Deposits by the public.
Deposits by the public, used:	
Second-class postage	Various revenue accounts.
Third-class postage	
Fourth-class postage	
Money-order fees:	
Domestic	Revenue, domestic money-order fees.
International	Revenue, international money-order fees.
Money orders issued:	
Domestic	Domestic money orders issued.
International	International money orders issued.
Deposits with disbursing postmasters by smaller offices (in disbursing postmasters' account).	Certificates of deposit, disbursing postmasters.
Transfer journal entries	Various accounts.
Drafts on disbursing postmasters by smaller offices (in smaller postmasters' account).	Drafts on disbursing postmasters.
Advances received by disbursing postmasters from the Postmaster-General (in disbursing postmasters' account).	Advances to disbursing postmasters.
Collections of drafts against—	
Late postmasters	Drafts sent for collection account.
Failing bidders and contractors, etc., and for fines for improper use of the mails, etc., collected by postmasters.	
Foreign exchange received	Foreign exchange received.
Adjustment of money-order accounts	Adjustment of money-order accounts.
Late postmasters' credit balances, transferred to separate ledger	Late postmasters' accounts.

Chart showing columns for recapitulation of postmasters' accounts, etc.—Con.

CREDITS TO POSTMASTERS.	ACCOUNTS TO BE DEBITED.
Expenditures for the service chargeable to appropriations.	Audited expenditures.
Deductions from revenue consisting of—	
Refunds of postage	Several revenue accounts affected.
Postage stamps, etc., burned, stolen, etc	
Losses, consisting of—	
Money stolen from post-offices	Losses by burglary, fire, bad debts, etc.
Bad debts	
Defalcations, etc	
Deposits returned to the public	Deposits by the public.
Deposits by the public, used	Do.
Stamps sent to classification division	Do.
Money orders paid:	
Domestic	Domestic money orders paid.
Foreign	Foreign money orders paid.
International	International money orders payable.
Money-order commissions paid third and fourth class offices—	
Domestic	Money-order commissions, domestic.
International	Money-order commissions, international.
Postmasters' deposits with disbursing postmasters.	Certificates of deposit, disbursing postmasters.
Disbursing postmasters' deposits with treasurer	Certificates of deposit, U. S. Treasurer.
Amounts paid to late postmasters	Late postmasters.
Transfer journal entries	Various accounts.
Postmasters' drafts paid by disbursing postmasters (in disbursing postmasters' account).	Drafts on disbursing postmasters.
Foreign exchange purchased	Foreign exchange purchased.
Adjustments of money-order accounts	Adjustments of money-order accounts.
Debit balances transferred to late postmasters' ledger.	Late postmasters.
Balance of deposits by the public	Merely memorandum column, total of which should make up balance of "Deposits by the public" account on general ledger.

EXHIBIT 7b.

OUTLINE OF PROPOSED SYSTEM FOR AUDITING MONEY ORDERS BY USE OF MACHINES.

MACHINES REQUIRED.

Key punch.—A small hand machine which takes but one card at a time and has a keyboard similar to that of a typewriter, though with but 12 keys, each key representing a number or symbol.

Gang punch.—A small hand machine, arranged to punch certain particulars in a number of cards at one operation.

Tabulating machine.—An automatic adding machine which can be arranged to add any number of columns punched on cards simultaneously, as applied to money orders, amount and fee.

Sorting machine.—An automatic machine for sorting punched cards in any order or sequence desired.

METHOD OF OPERATION.

Domestic and "direct" countries.—The preparation of the paid side of the postmasters' statement of money-order business in the case of large offices at the present time necessitates a considerable amount of clerical labor in such post-offices, as the Auditor for the Post-Office Department requires, in addition to the details as to the date of payment, number and amount of the order, and name of the office of issue, that the orders be arranged in alphabetical order by States and offices of issue. To comply with this requirement the money-order divisions in large post-offices must of necessity employ a great number of clerks to sort the paid money orders in the required order before beginning to write up the statements.

The magnitude of this work can best be appreciated when it is stated that the post-office at Chicago, Ill., pays approximately 250,000 money orders every week.

Under the proposed system all the information required of postmasters in regard to money orders issued and paid would be lists of domestic and international money orders issued (drawn up on very similar lines to those rendered at present) and lists of money orders paid, showing only date of payment (impressed by rubber stamp), number, and amount.

These lists could be prepared on adding machines, as the orders are paid without sorting by offices of issue. No more than 50 money orders should be listed and totaled on one slip, each slip bearing a consecutive number, a new set of numbers being used for each day of payment.

A summary of the totals of these slips would be made on the adding machine and attached to the slips as an indication of the details and to show the total amount claimed credit for in the postmaster's cash account for money orders paid.

The total of this summary would be entered on a form and attached to the postmaster's combined postal and money order cash account sent to the Comptroller's office, and there checked with entries in such cash account, and after being compared with this statement and initialed would be sent to the money-order auditing section for verification with the arithmometer slips of money orders paid, and then filed.

Each office issuing or paying money orders would be given a distinctive number. The issuing office number would be printed on every money-order blank following the name of the office, and each office would be supplied with a rubber stamp containing name and number which would be impressed on all its forms.

Upon the receipt from postmasters of the arithmometer lists of money orders paid, accompanied by the paid money orders as vouchers (each office being

treated separately), white cards would be "key" punched from particulars on such paid orders so as to record the following information, with the exception of (*a*), (*b*), and (*c*), and in the case of the larger offices (*d*) which would subsequently be "gang" punched after the cards have agreed with the paid statements: (*a*) Year, (*b*) number of paying office, (*c*) file number, (*d*) month and day of payment, (*e*) number of issuing office, (*f*) month and day of issue, (*g*) order number (last four figures only), (*h*) amount of order, (*i*) amount of fee.

As an illustration of the appearance of a completely punched card representing a paid money order, we append hereto one of the cards used while testing the practicability of the proposed system, under the authority of your commission.

Year.	Paying office.	File No.	12 11	Date payment.	Issuing office.	12 11	Date issue.	Order number.	Amount.	Fee.
00	0 ○ 0 ○ ○	○ ○ ○	10	0 0	0 0 ○ 0 0	10	○ 0	0 0 0 0	○ ○ 0 ○ 0	○ 0
01	1 1 1 1 1	1 1 1	1	1 1	1 1 1 1 1	1	1 1	1 1 ○ 1	1 1 ○ 1 1	1 1
02	2 2 2 2 2	2 2 2	2	○ 2	2 2 2 2 2	2	2 2	2 2 2 2	2 2 2 ○	2 2
03	○ 3 3 3 3	3 3 3	3	3 3	3 ○ 3 3 3	3	3 3	3 3 3 3	3 3 3 3	3 ○
04	4 4 4 4 4	4 4 4	4	4	4 4 4 4 4	4	4	4 4 4 4	4 4 4 4	4 4
05	5 5 5 5 5	5 5 5	5	5	5 5 5 5 5	5	5	5 5 5 ○	5 5 5 5	5 5
○	6 6 6 6 6	6 6 6	6	6	○ 6 6 6 6	6	6	○ 6 6 6	6 6 6 6	6 6
07	7 7 ○ 7 7	7 7 7	7	○	7 7 7 ○ 7	7	7	7 ○ 7 7	7 7 7 7	7 7
08	8 8 8 8 8	8 8 8	0	8	8 8 8 8 8	○	○	8 8 8 8	8 8 8 8	8 8
09	9 9 9 9 9	9 9 9	9	9	9 9 9 ○	9	9	9 9 9 9	9 9 9 9	9 9

After being punched, the cards would be run through the automatic tabulating machine, each office separately, and the totals thus arrived at entered on sheets specially ruled for that purpose, and agreed with the totals as shown on the arithmometer lists.

Details of any discrepancies found on postmasters' lists of money orders paid would be filled out on a form of debit and credit memorandum, in duplicate, the original being sent to the postmaster and the carbon copy retained in the Comptroller's office.

After being "Gang punched," the cards should be checked by another operator in groups for each office to insure the correctness of that operation.

The next step would be to prove that the grand total of all the cards which had been checked against individual lists of paid money orders sent in by postmasters agreed with the grand total of all such lists.

The paid money orders would then be filed away, under the office of payment, in chronological order, a separate section or file being utilized for each office of payment.

The cards having been thus verified en bloc would be run through a sorting machine and sorted into months and offices of issue. When all of the cards representing the money orders paid in a given month, which had been received by the Comptroller's office, had been so arranged, the batch of cards for each office of issue would be run through the tabulating machine and the totals arrived at entered on sheets, these sheets being the basis for posting in registers, the use of which being set forth in the general accounting system (Exhibit 7a). The totals so transcribed on sheets would represent the sum of orders paid during a specific month at various paying offices, which orders were issued during certain other months at various issuing offices. A summary of all these totals should agree with a summary of the verified totals of the arithmometer lists as rendered by paying postmasters after verification of the latter had been made.

After making this proof, these same cards, together with such portion of the cards representing orders paid in the subsequent ten-day period which were issued during the month being audited, and which were proved in a like manner to those mentioned above (a separate total having been taken, however), would then be run through the sorting machine and arranged numerically by order number. The reason for consolidating that portion of the cards for the *subsequent ten-day period* with those of the month under audit is to minimize *the number of outstanding* orders.

The cards so arranged for each office of issue would then be examined and a list prepared of all missing numbers. Lists of money orders issued, sent in by issuing postmasters, would then be referred to, and such particulars as are shown thereon opposite the missing numbers would be punched on blue cards, such cards corresponding, except as to color, to the white ones.

These blue cards, together with the white cards previously punched from paid money orders for the month under audit and the portion of the cards for the subsequent ten-day period, as above explained, would then be run through the tabulating machine to arrive at the totals of amounts and fees. These totals for each post-office would be agreed with the amount of money orders issued as appearing on the lists rendered by postmasters and the amount of the fees collected, and any discrepancies would be investigated.

As each office was proved as to amount of issued orders and fees collected, the blue cards would be separated from the white ones, the former being run through the tabulating machine and separate totals taken for each office, after which the blue and white cards would be placed in separate files.

From the above it will be seen that a proof of the outstanding orders would be arrived at for each office of issue, assuming for the time being that the amounts punched on blue cards were the same as those for which the orders were actually issued, it being possible, of course, that the amounts shown on postmasters' statements might be for different amounts than shown on the orders themselves.

Upon these outstanding orders being subsequently paid, any discrepancy between the amounts shown by the blue cards and the amounts paid would be detected in the process of matching such blue cards with corresponding white ones punched from the paid money orders, by the aid of the sorting machine.

As blue cards were matched with white ones coming through subsequently, the former would be destroyed, and the corresponding white ones placed in separate files in numerical sequence by issuing office.

Registers.—The registers mentioned in the foregoing part of this outline would be used mainly as a record and proof of the outstanding orders at the end of each month.

The posting in these registers for the amount of money orders issued during each period would be made from lists of money orders issued as rendered by postmasters. The amount of orders "audited paid" would be posted from the sheets written up from tabulated totals by issuing offices of each month's white cards, such totals being arrived at before the consolidation of white cards for the subsequent ten-day period had been made. The corrections would be posted from the copy of the debit or credit memorandum sent to postmasters, and the transfers from sheets prepared by the checkers of the issued lists for corrections made on cards due to the possible punching of the wrong issuing office number.

A recapitulation of the amount of outstanding orders as shown on these registers should, therefore, agree at the end of any month or quarter with the difference between the balance of the domestic money orders issued account and the balance of the domestic money order paid account as appearing in the general ledger.

Money orders issued in the United States payable in foreign countries.—Postmasters would continue to send advices of international money orders issued by them to the various exchange offices in the same manner as they do under the present system.

The exchange offices, after examination of the advices and checking of the conversion of United States into foreign currencies, would prepare certified lists, one for each country of payment, made up from these advices which have previously been sorted by countries of payment. A copy of these lists would be sent immediately to the Comptroller's office at Washington.

The form of the lists used for this purpose under the present system, being governed by the terms of various conventions with foreign countries, would require no alteration, with the exception of the copy which is required to be sent to the Comptroller's office at Washington. This copy would contain, in addition to the particulars on the lists sent abroad, the number of the issuing post-office.

White cards would be punched from the particulars shown on these lists, together with the amount of the fee postmasters should have collected, the latter fact being punched from memory by the punchers, who would know from the amount of the order what the fee should be. These cards would be similar in form to those proposed for use in connection with domestic money order auditing.

The particulars punched on these white cards would be as follows: Year of issue, number of paying country, list number or date, number of issuing office, date of issue, serial number of order, international special number, amount, fee.

The cards for each list would then be passed through the tabulating machine to prove the totals as shown on the certified lists, any differences being treated in the same manner as in the domestic system.

Upon verification of the list totals, the cards would be sorted into offices of issue, this process being followed until cards had been punched for all the lists dated in any one month and a subsequent ten days, after which the cards would be sorted by dates of issue and numerically by serial order number, each issuing office separately.

The cards so arranged would then be examined, missing numbers located, and blue cards punched for such missing numbers, the information being obtained from issuing postmasters' lists of international money orders issued in the same manner as indicated in the scheme for auditing domestic and "direct" country money orders.

These blue cards would, of course, represent international money orders issued during the month under audit, but not certified to foreign governments in the same month or during a subsequent ten days' period.

The next step would be to run the white and blue cards for each office of issue through the tabulating machine, and the totals, both as to amount of order and fee, agreed with those shown on issuing postmasters' statements. This process would be kept up month by month, the white and blue cards being filed separately by offices of issue and, as the latter were eliminated by white cards coming through in a subsequent period, they would be destroyed.

Through the installation of this system the necessity for issuing coupons (a duplicate of the international money order) by postmasters would be entirely eliminated. The labor and time required in their sorting into countries of payment and into numerical order by the Auditor's office would be saved, as well as the laborious checking of the same with the certified lists prepared in the international exchange offices. Furthermore, the checking of these certified lists would be greatly expedited, as under the present system a two months' accumulation of coupons is made before the checking of the certified lists is even commenced, whereas under the proposed system the clerical accuracy of the certified lists is proven immediately upon their receipt from the international exchange offices and the audit of the postmasters' issuing statements made from the punched cards. The audit of postmasters' issuing statements under the present system is, as in the case of domestic money orders, merely a visual check, consisting of comparing the entries thereon with the coupons accompanying the statements.

Money orders issued in foreign countries payable in the United States.—Postmasters would send in lists of international money orders paid by them periodically in the same manner as would be done for domestic orders. These lists, of course, would be accompanied by paid vouchers in the form of original orders issued by foreign countries, as in the case of France and its colonies, or the paid "reissued" orders prepared in the international exchange offices of the United States representing money orders issued in other foreign countries.

It would be necessary for all international money orders paid in this country to bear the international serial number of the issuing country. This is invariably shown on "reissued" orders and on the majority of the original money orders paid in the United States emanating in France and its colonies. It frequently occurs, however, that postmasters fail to write the international number on these original international money orders, which international number they are supposed to copy from the advices received from the exchange office. In such cases it would be necessary to return the orders to the postmasters for proper entry of such numbers as is done under the present system.

Green cards would be punched from the paid original and reissued orders, the following particulars being shown: Year of payment, number of paying office, file number, date of payment, number of issuing country, date of issue, international special number, amount.

The cards would be passed through the tabulating machine, each office of payment separately, and the totals agreed with postmasters' lists of international money orders paid, after which the cards would be sorted into countries
[illegible] and the paid original and "reissued" orders filed by offices of payment
[illegible]onological order.

[illegible]fter the cards representing one month's payments had been so arranged and
[illegible]*ed, together with the* cards for the subsequent ten-day period, separate
[illegible]*s, of course, being listed* in a like manner to that outlined in the scheme

for domestic and "direct" country money-order auditing, they would be run through the sorting machine, each country of issue separately, and sorted into numerical sequence by international special number. The cards so arranged would then be examined and missing numbers located in the same manner as outlined for domestic orders (the certified lists of the issuing countries representing issuing postmasters' statements), as above explained. Yellow cards would then be punched for missing numbers, the information being obtained, of course, from the certified lists. The total amount of the ellow cards would therefore represent this country's liability for unpaid international money orders at the end of the period of audit, such cards being eliminated by green cards coming through in subsequent periods.

The total of the green and yellow cards for the period of audit for each country of issue being arrived at by running same through the tabulating machine, would be agreed with corresponding totals on the certified lists.

Authorization for repayments.—The method of dealing with "Authorization for repayments," lists of which are received from foreign countries under the present system, is as follows:

Upon receipt of these lists by the money-order division of the Post-Office Department, the first step is to compare each item thereon with the certified lists previously rendered to foreign countries to make sure that the amounts are in agreement. After this verification a distinctive form of order is drawn up in the office of the superintendent of money-order division, together with an "advice," the former being sent direct to the original remitter and the latter to the paying postmaster as an indication that an authorization for repayment to the remitter of an international money order has been issued and to pay same upon its presentation, after the usual identification has been made.

Upon payment of these authorizations postmasters send them in to the Auditor at Washington in the same manner as paid international money orders.

Under the proposed system practically the same procedure would be necessary except that in filling out the authorization a separate series of authorization numbers would be necessary to be kept for such foreign country from which lists were received. The number appearing on the authorization for repayment would be entered on the lists in numerical order, starting with the first item on the list, and a separate series would be maintained for each foreign country.

Upon receipt of the paid authorization orders from postmasters, which would be entered on their lists of international money orders paid, cards of a distinctive color would be punched, showing: Date of payment, number of paying office, file number, number of authorization country (same as original paying country), date of issue original order, international number of original order, authorization order number, amount.

These cards for the period of audit, after being tabulated at the same time as cards representing paid international money orders, and checked with the postmasters' lists of orders paid, will be sorted into countries of authorization and numerically by authorization order number. They would then be examined for missing numbers, and cards of another distinctive color punched for such missing numbers, the totals of which would represent this country's liability for unpaid authorizations for repayment.

The totals of both batches of cards, as ascertained by their being run through the tabulating machine together, should agree, each country of origin separately, with the totals as shown on the authorization lists received from such countries.

Authorizations issued, but not paid during the period of audit and paid in subsequent periods, would come through in their regular course.

The cards punched therefrom would be matched against the cards punched for missing numbers in a prior period in the same manner as outstanding domestic cards are matched under the system outlined for domestic and "direct" country money-order auditing.

TEST OF PROPOSED SYSTEM.

The following particulars of the test made under the special authority from your commission will be interesting. The Auditor for the Post-Office Department, acting under instructions from the Secretary of the Treasury, agreed to turn over to us for the purpose of testing the proposed system, a selection of about 100,000 paid domestic money orders from 51 different issuing offices, which were on file arranged numerically by office of issue, dated from July 1 to September 10, 1900.

From these orders issuing postmasters' statements were prepaid in seven periods of ten days each. The orders were then assorted into paying offices and

date of payment, after which statements were prepared representing lists sent in by paying postmasters, all of this work being done by clerks in the Auditor's office.

In the meantime we designed a card suitable for the purpose and had approximately 110,000 printed. A staff of clerks was engaged, and when the statements and paid money orders were finally turned over to us cards were punched for all of the paid money orders, after which they were put through the various operations above outlined for domestic and "direct" countries. The result proved the value of the proposed system.

The test demonstrated the ease and accuracy by which paid money orders could be located, if filed by paying offices under the date of payment, and it also demonstrated the practicability of obtaining a proof of the amount of the outstanding orders.

ESTIMATE OF EMPLOYEES AND MACHINES REQUIRED.

Domestic and "direct" countries.—The following is an estimate of the number of employees and machines that would be necessary to operate the proposed system for auditing domestic and "direct" country money orders, assuming that the Government employees could be brought up to the same point of efficiency as in commercial concerns:

	Number of machines.	Number of employees.
Key punches	114	114
Gang punches	6	6
Tabulating machines	15	10
Sorting machines	20	20
Mail room sorters and distributers		10
Checkers (paid side)		28
Locating missing numbers		35
Checkers (issued side)		28
Proving outstandings		40
File clerks, laborers, porters, and messengers		50
Executives		15
		356
Add reserve staff to expedite any portion of the work requiring same		20
Total	155	376

It will be noted that a liberal provision has been made in the above estimate for a reserve staff of clerks to push the work forward at any point where it might become temporarily in arrear. We feel that with sufficient practice on the part of the staff the "reserve" clerks would probably not be required.

International.—The combined number of international money orders issued and paid is approximately 3,000,000 during one full year, this number being based upon statistics shown in the report of the Auditor for the Post-Office Department for the fiscal year ended June 30, 1906. The following estimate, based upon commercial efficiency of employes, shows the number of employes and machines necessary to operate this division of the proposed system:

	Number of machines.	Number of employees.
Key punches	5	5
Gang punches	1	1
Tabulating machines	2	1
Sorting machines	2	1
Checkers:		
Postmasters' lists of international money orders paid		
Postmasters' lists of international money orders issued		5
Of certified lists		
Locating missing numbers		1
Proving outstandings		2
File clerks		1
Executive		1
Laborer		1
Total	10	19

It appears that the number of employees in the foreign division of the Auditor's office is 26, two of whom are engaged on postal work exclusively. Twenty-four employees are therefore required under the present system to merely audit the certified lists of international money orders issued by the United States and foreign countries. In addition thereto (on the basis of the volume of international and domestic business), the checking of international coupons and paid international orders now performed in the inspecting division requires the services of at least ten clerks engaged on international business. It is therefore apparent that a saving could be made by the installation of the system suggested, and at the same time obtaining efficient and satisfactory results, which are not had at the present time. In addition to this the cost of printing and issuing coupons for international money orders issued in this country would be eliminated.

EXHIBIT 8a.

POST-OFFICE DEPARTMENT.

TABLE A.—*Showing the total expenditures under the main headings of service.*

Expenditures.	Total.	Apportionable expenses.	Indirect expenses.	Service accounts.										
				Collection.	Sorting outward.	Sorting in railway post-offices.	Transportation.	Equipment.	Delivery.	Foreign mails.	Money order.	Registry.	Special delivery.	Revenue charges.
Total from Analysis Sheet I.....														
Total from Analysis Sheet II.....														
Total.....														
Indirect expenses—distributed on the proportion of totals of service.....														
Total.....														

TABLE B.—*Showing the cost of each class of mail, and the special service accounts, together with the distribution thereto of the main service accounts.*

Service.	Method of distribution.		Total.	Mail cost accounts.										
	Ref. to Table C.	Basis.		First class.	Second class, "Free in county."	Second class, publishers, 1 cent per pound.	Second class, "Local delivery."	Second class, "Transient."	Third class.	Fourth class.	Franked.	Penalty.	Foreign mails service.	Special services.
Collection service.....	1	Weight.....												
Sorting outward.....	2	Pieces.....												
Sorting in railway post-offices.....	3	Pieces.....												
Transportation.....	4	Ton-miles..												
Equipment.....	5	Weight.....												
Delivery.....	6	Pieces.....												
Revenue charges.....	7	Revenue....												
Foreign mails.....														
Money order.....														
Registry.....														
Special delivery.....														
Total.....														

TABLE C.—*Showing the basis of distribution of the main service accounts over the cost accounts.*

Account.	Basis of distribution.
1. Collection	Weight of all classes of mail sharing in the service; i. e., all excepting second-class publishers' cent a pound, second-class "Free in county," second-class "Local delivery," and foreign mail "Transient" and "Distributed."
2. Sorting outward	Number of pieces handled of all classes of mail, including mixed second-class publishers', but excluding all other second-class publishers and foreign mail "Transient" and "Distributed."
3. Sorting in railway post-offices	Number of pieces of all classes of domestic mail, excepting second-class publishers' mail made up for news agents and foreign mail, excepting "Transient."
4. Transportation	Ton-miles, including equipment, of each class of domestic mail (foreign outward being treated as domestic), excepting second-class publishers' mail for local delivery.
5. Equipment	Expense of second-class publishers' equipment to that class, arbitrary charge to registry, balance over remaining classes proportioned to weights of mail.
6. Delivery	Number of pieces of mail of all classes, excepting second-class publishers' cent a pound made up for news agents, "Free in county," and foreign mail "Outward" and "Transient."
7. Revenue charges	Revenue derived from each class of mail, as ascertained by periodical tests.

TABLE D.—*Showing the cost per unit and the unit rate of revenue and postage on each class of mail matter.*

Description.	Total.	First class.	Second class, "Free in county."	Second class, publishers' 1 cent per pound.	Second class, "Local delivery."	Second class, "Transient."	Third class.	Fourth class.	Franked.	Penalty.
Unit of postage		1 ounce..	1 pound...	1 pound...	Copy.....	4 ounces..	2 ounces.	1 ounce..	1 ounce..	1 ounce..
Total estimated number of pieces handled										
Total weight, per Table E										
Total cost, per Table B										
Cost per unit										
Estimated revenue per unit (based on periodical tests)										
Postage rate per unit										

EXHIBIT 8a.

POST-OFFICE DEPARTMENT.

TABLE A.—*Showing the total expenditures under the main headings of service.*

Expenditures.	Total.	Apportionable expenses.	Indirect expenses.	Service accounts.										
				Collection.	Sorting outward.	Sorting in railway post-offices.	Transportation.	Equipment.	Delivery.	Foreign mails.	Money order.	Registry.	Special delivery.	Revenue charges.
Total from Analysis Sheet I.....														
Total from Analysis Sheet II.....														
Total.....														
Indirect expenses—distributed on the proportion of totals of service.....														
Total.....														

TABLE B.—*Showing the cost of each class of mail, and the special service accounts, together with the distribution thereto of the main service accounts.*

Service.	Method of distribution.		Total.	Mail cost accounts.										
	Ref. to Table C.	Basis.		First class.	Second class, "Free in county."	Second class, publishers, 1 cent per pound.	Second class, "Local delivery."	Second class, "Transient."	Third class.	Fourth class.	Franked.	Penalty.	Foreign mails service.	Special services.
Collection service.....	1	Weight.....												
Sorting outward.....	2	Pieces.....												
Sorting in railway post-offices.....	3	Pieces.....												
Transportation.....	4	Ton-miles..												
Equipment.....	5	Weight.....												
Delivery.....	6	Pieces.....												
Revenue charges.....	7	Revenue....												
Foreign mails.....														
Money order.....														
Registry.....														
Special delivery.....														
Total.....														

TABLE C.—*Showing the basis of distribution of the main service accounts over the cost accounts.*

Account.	Basis of distribution.
1. Collection	Weight of all classes of mail sharing in the service; i. e., all excepting second-class publishers' cent a pound, second-class "Free in county," second-class "Local delivery," and foreign mail "Transient" and "Distributed."
2. Sorting outward	Number of pieces handled of all classes of mail, including mixed second-class publishers', but excluding all other second-class publishers and foreign mail "Transient" and "Distributed."
3. Sorting in railway post-offices	Number of pieces of all classes of domestic mail, excepting second-class publishers' mail made up for news agents and foreign mail, excepting "Transient."
4. Transportation	Ton-miles, including equipment, of each class of domestic mail (foreign outward being treated as domestic), excepting second-class publishers' mail for local delivery.
5. Equipment	Expense of second-class publishers' equipment to that class, arbitrary charge to registry, balance over remaining classes proportioned to weights of mail.
6. Delivery	Number of pieces of mail of all classes, excepting second-class publishers' cent a pound made up for news agents, "Free in county," and foreign mail "Outward" and "Transient."
7. Revenue charges	Revenue derived from each class of mail, as ascertained by periodical tests.

TABLE D.—*Showing the cost per unit and the unit rate of revenue and postage on each class of mail matter.*

Description.	Total.	First class.	Second class, "Free in county."	Second class, publishers' 1 cent per pound.	Second class, "Local delivery."	Second class, "Transient."	Third class.	Fourth class.	Franked.	Penalty.
Unit of postage		1 ounce..	1 pound...	1 pound...	Copy.....	4 ounces..	2 ounces.	1 ounce..	1 ounce..	1 ounce..
Total estimated number of pieces handled										
Total weight, per Table E										
Total cost, per Table B										
Cost per unit										
Estimated revenue per unit (based on periodical tests)										
Postage rate per unit										

TABLE E.—*Showing statistics on which distributions of service accounts are based.*

Particulars.	Total.	First class.	Second class, "Free in county."	Second class, publishers' 1 cent per pound.	Second class, "Local delivery."	Second class, "Transient."	Third class.	Fourth class.	Franked.	Penalty.	Foreign mails.
Weight of mail handled in post-offices of origin											
Estimated number of pieces to the pound											
Total number of pieces											
Average haul											
Ton-miles											

ANALYSIS SHEET I.—*Showing the primary distribution of all expense accounts carried on the accounting books.*

Expenditures.	Voucher No.	Total.	Apportionable expenses (distributed on Sheet II).	Indirect expenses (distributed on Table A).	Service accounts.										
					Collection.	Sorting outward.	R. P. O. sorting.	Transportation.	Equipment.	Delivery.	Foreign mails.	Money order.	Registry.	Special delivery.	Revenue charges.

ANALYSIS SHEET II.—*Showing the distribution of apportionable expenses (brought from Analysis Sheet I).*

Expenditures.	Voucher No.	Total per Sheet I.	Indirect expenses (distributed on Table A).	Service accounts.										Revenue charges.
				Collection.	Sorting outward.	Sorting in railway post-offices.	Transportation.	Equipment.	Delivery.	Foreign mails.	Money order.	Registry.	Special delivery.	

EXHIBIT 8b.

DESCRIPTION OF APPORTIONABLE EXPENSES AND THE TREATMENT OF EACH.

1. *Postmaster-General's office salaries.*—This contains (*a*) the salary of the Postmaster-General, salaries of clerks, etc., engaged in his office, and (*b*) the wages of sundry employees engaged in looking after the Post-Office Department building.

The group will be charged to "Indirect" expenses, except a proportion of the second subdivision, which will be charged to the city post-office on the basis of the proportionate pay rolls.

2. *Salaries of the division of purchasing agent.*—These will be charged to "Indirect expenses," all costs incurred in purchasing and handling being credited out by a percentage, which will be added to the cost of the purchases described under the heading "Supplies."

3. *Salaries of the division of salaries and allowances.*—

4. *Salaries of division of postmasters' appointments.*—These will be distributed in the same proportion as the post-office pay rolls.

5. *Salaries of division of city delivery.*—To be distributed in the same proportion as the corresponding section of the post-office pay roll.

6. *Salaries of division of railway mail service.*—To be distributed over transportation and sorting in railway post-offices in the proportion of the pay rolls chargeable thereto.

7. *Salaries of division of rural free-delivery service.*—To be distributed over collection and delivery on a time basis after eliminating certain arbitrary amounts as revenue charges, as described later under this service heading.

8. *Compensation to postmasters and assistant postmasters.*—To be distributed over the various services in the same proportion as in the case of the larger post-offices. Fourth class and nonaccounting postmasters' salaries will be distributed in the proportion of postmasters' salaries in Presidential offices.

9. *Salaries of clerks in post-offices.*—To be distributed according to the pay rolls, which will be analyzed on the basis of the time shown by the time cards.

10. *Rent, light, and fuel.*—

11. *Miscellaneous items, first and second class offices.*—

12. *Assistant superintendents, salaries and allowances division.*—To be distributed over the various services in the same proportion as the post-office pay rolls.

13. *City delivery service.*—This heading covers salaries of carriers, horse hire, car fare and bicycles, and marine service at Detroit. A distribution will be made from the analysis of the pay rolls, which will be based on the time shown by time cards.

14. *Buildings for use of Post-Office Department (rented).*—This expense relates to (*a*) accommodation for equipment repairs, and (*b*) accommodation for supplies, and will be distributed accordingly.

15. *Freight on mail bags, postal cards, etc.*—This account will be analyzed according to the service benefited. (*a*) Equipment expense, which will be charged direct to equipment service; (*b*) revenue charges, these will consist of freight on postal cards, etc., and will be charged under this heading.

16. *Railway mail service.*—These expenses may be classified as follows: (*a*), R. P. O. clerks' salaries, distributable over R. P. O. sorting, delivery, and registry services on the basis of the analysis of the pay rolls made by means of time tickets or cards kept by the said clerks; (*b*) transportation clerks' salaries, chargable to transportation; (*c*) administrative salaries and expenses, including the salaries of the division superintendents, chief clerks, and office expenses, etc., and distributable over tranportation and sorting in R. P. O. car services on the basis of the direct salaries chargeable to each.

17. Wrapping paper.—This expense will be chargeable in part to foreign mails and as to the remainder as indirect charges in the same manner as the other expenses in connection with supplies.

18. Packing boxes.—To be distributed to indirect charges as a supplies expense.

19. Rural free delivery service.—This expense is distributable over the following main services: 1, Collection; 2, delivery; 3, registry; 4, money order; 5, revenue charges. The distribution between collection and delivery services will be made on the basis of the time spent in each service as shown by the time cards. This apportionment will be made after the following deductions have been made: (*a*) Registry—the number of registered articles collected by this service will be ascertained and a commission on each allowed this service, and charged to "registry service;" (*b*) money orders—the number of money orders dealt with by these carriers will be ascertained and a commission on each will be charged to the "money-order" service; (*c*) revenue charges—the total value of stamps sold by rural free carriers will be obtained and a sum by way of commission on same charged to revenue charges account. Supplies will be divided between collection and delivery on the basis of pay roll charged to each service.

20. Supply expenses.—To facilitate the distribution of these expenses over the respective purchases they will be classed as indirect expenses. A percentage, which should cover the whole of these charges, will be credited to indirect expenses and added to the cost of each purchase, any adjustment which may be necessary to take up the unapportioned remainder of the cost being made at the end of the fiscal year.

EXHIBIT Z.

LIST OF ORIGINAL DOCUMENTS OBTAINED IN THE COURSE OF THE INVESTIGATION AND FILED WITH THE SECRETARY OF THE COMMISSION.

Book of photographs of mechanical devices installed in Chicago post-office and elsewhere (with descriptive letter), presented to the Joint Commission of Congress on Business Methods of Post-Office Department and Postal Service by Lamson Consolidated Store Service Company.

Reports, forms, leaves from books, etc., obtained by the London offices of the public accountants from the Post-Office Department of Great Britain:

1. List of questions asked by public accountants and answers thereto by Post-Office Department of Great Britain.

A. Money orders, general outline of system.
A–1. British postal orders, outline of system.
B. Specimen money order and advice.
B–1. Specimen postal orders (3).
C–1. Requisition for inland money order.
C–2. Requisition for foreign or colonial order.
C–3. Daily money-order account.
C–4. Daily money-order docket.
C–5. Summary of "1–H docket."
C–6. Statement of forfeited orders of issue.
C–7. Postmasters' requisitions for supplies of postal orders, England.
C–8. Account of number and value of postal orders authorized to be supplied to postmasters.
C–9. Record of postal orders supplied postmasters.
C–10. Account of number and value of postal orders supplied to sub-postmasters, sent to accountant-general.
C–11. Daily docket, paid postal orders.
C–12. Postal orders paid at suboffices and received in postal order branch, England and Wales.
C–13. Summary of the number and value of paid postal orders received.
C–14. Postal orders, numbers outstanding.
C–15. Postal order counter record.
C–16. Postal orders stock, numbers in hand and fresh supplies.
C–17. Postal orders, value of orders sold, received, and on hand—Fortnight ended Saturday, the ———.
D. Cash account of head postmasters.
D–1. Cash account of subpostmasters.
E. Revenue account, April 1, 1906, to March 31, 1907.
F. Appropriation accounts, 190. 3–4, 1904–5, 1905–6.
G. Survey reports, head post-offices.
G–1. Survey reports, subpost-offices.
G–2. Survey reports, on the accounts of suboffices.
H. Post-office guide, July, 1907.
K. Two forms (1 copy of each), reappointment of postmasters.
L. Estimates for revenue departments, 1907–8.
L–1. Estimates for revenue departments, 1907–8, appendix.
M. Bag lists (4 forms, 1 of each).
N. Memorandum re-collection, sorting, distribution, etc., of letters.
N–1. London sorting list, sorting list and map.

APPENDIX.

LAWS OF CONGRESS GOVERNING THE POST-OFFICE DEPARTMENT AND THE POSTAL SERVICE.

Compiled in chronological order under the supervision of

R. P. GOODWIN,

Assistant Attorney-General for the Post-Office Department.

Published by direction of the Joint Commission of Congress.

Joint Commission of Congress

On Business Methods of Post-Office Department and Postal Service.

BOIES PENROSE, PENNSYLVANIA, *Chairman.*
JESSE OVERSTREET, INDIANA, *Vice-Chairman.*
THOMAS S. CARTER, MONTANA.
ALEXANDER S. CLAY, GEORGIA.
JOHN J. GARDNER, NEW JERSEY.
JOHN A. MOON, TENNESSEE.

WESLEY R. ANDREWS, PENNSYLVANIA, *Secretary.*
EDWIN L. WILLIAMS, INDIANA, *Assistant Secretary.*

Laws of Congress Governing the Post-Office Department and the Postal Service.

The Congress shall have power * * * to establish post-offices and post-roads.

Post-office and post rods.

Constitution, art. 1, § 8.

If any informer or plaintiff on a penal statute, to whom the penalty or any part thereof, if recovered, is directed to accrue, discontinues his suit or prosecution, or is nonsuited therein, or if upon trial judgment is rendered in favor of the defendant, the court shall award to the defendant his costs, unless such informer or plaintiff is an officer of the United States specially authorized to commence such prosecution, and the court, at the trial in open court, certifies upon the record that there was reasonable cause for commencing the same; in which case no costs shall be adjudged to the defendant.

Liability of informer in action on penal statute.
—for costs on failure of suit, etc., except.
R. S., § 975.

Approved May 8, 1792.

If any informer on a penal statute, to whom the penalty or any part thereof, if recovered, is directed to accrue, discontinues his suit or prosecution, or is nonsuited therein, or if upon trial judgment is rendered in favor of the defendant, such informer shall be alone liable to the clerk, marshal, and attorney for the fees of such prosecution, unless he is an officer of the United States whose duty it is to commence such prosecution, and the court certifies that there was reasonable cause for commencing the same; in which case the United States shall be responsible for such fees.

Liability of informer in action on penal statute.
—for fees of officers on failure of suit, except.
R. S., § 976.

Approved February 28, 1799.

* * * All postmasters and persons employed in the transportation of the mail (and) all ferrymen employed at any ferry on post-roads * * * shall be exempted from militia duty.

Postmasters and certain other employees exempt from militia duty.
R. S., § 1629.

Approved April 30, 1810.

All claims and demands whatever by the United States or against them, and all accounts whatever in which the United States are concerned, either as debtors or creditors, shall be settled and adjusted in the Department of the Treasury.

Settlement of accounts.
R. S., § 236.
—by or against the United States.
—in Treasury Department.

Approved March 3, 1817.

No advance of public money shall be made in any case whatever. And in all cases of contracts for the performance of any service, or the delivery of articles of any description, for the use of the United States, payment shall not exceed the value of the service rendered, or of the articles delivered previously to such payment. It shall, however, be lawful, under the special direction of the President, to make such advances to the disbursing officers of the Government as may be necessary to the faithful and prompt discharge of their respective duties, and to the fulfillment of the public engagements. * * *

Payments not to be made in advance.
R. S., § 3648.
—nor to exceed value of articles, etc.
Advances may be made to disbursing officers, when.

Approved January 31, 1823.

No money shall be paid to any person for his compensation who is in arrears to the United States, until he has accounted for and paid into the Treasury all sums for which he may be liable. In all cases where the pay or salary of any person is withheld in pursuance of this section, the accounting officers of the Treasury, if required to do so by the party, his agent or attorney, shall report forthwith to the Solicitor of the Treasury the balance due; and the Solicitor shall, within sixty days thereafter, order suit to be commenced against such delinquent and his sureties.

Officers, etc., in arrears.
R. S., § 1766.
—no salary to.
—suit upon bond of.

Approved May 20, 1836.

Returns of marshal to Auditor of proceedings on executions.
R. S., § 792.

Every marshal to whom any execution upon a judgment in any suit for moneys due on account of the Post-Office Department has been directed, shall make returns to the Sixth Auditor, at such times as he may direct, of the proceedings which have taken place upon the said process of execution.

Approved July 2, 1836.

When claims to be allowed in suits.
R. S., § 952.

No claim for a credit shall be allowed upon the trial of any suit for delinquency against a postmaster, contractor, or other officer, agent, or employee of the Post-Office Department, unless the same has been presented to the Sixth Auditor, and by him disallowed, in whole or in part, or unless it is proved to the satisfaction of the court that the defendant is, at the time of trial, in possession of vouchers not before in his power to procure, and that he was prevented from exhibiting to the said Auditor a claim for such credit by some unavoidable accident.

Approved July 2, 1836.

Judgment in postal suits.
R. S., § 958.
—rendered at return term, except.
Continuances.
—where defendant has claim against Post-Office Department.

In suits arising under the postal laws the court shall proceed to trial, and render judgment at the return term; but whenever service of process is not made at least twenty days before the return day of such term, the defendant is entitled to one continuance, if, on his statement, the court deems it expedient; and if he makes affidavit that he has a claim against the Post-Office Department, which has been submitted to and disallowed by the Sixth Auditor, specifying such claim in his affidavit, and that he could not be prepared for trial at such term for want of evidence, the court, if satisfied thereof, may grant a continuance until the next term.

Approved July 2, 1836.

Interest on balances.
R. S., § 964.
—rate of.

In all suits for balances due to the Post-Office Department, interest thereon shall be recovered, from the time of the default, at the rate of six per centum a year.

Approved July 2, 1836.

Accessory to stealing mail matter.
R. S., § 5535.
—punishment of.

Every accessory after the fact to the offense of stealing or taking any letter, or other mail matter, or any inclosure therein, shall be fined not more than one thousand dollars, and be imprisoned not more than five years.

Approved July 2, 1836.

Preliminary proceedings.
R. S., § 1014.
—before whom.
Removals.

For any crime or offense against the United States, the offender may, by any justice or judge of the United States, or by any commissioner of a circuit court to take bail, or by any chancellor, judge of a supreme or superior court, chief or first judge of common pleas, mayor of a city, justice of the peace, or other magistrate, of any State where he may be found, and agreeably to the usual mode of process against offenders in such State, and at the expense of the United States, be arrested and imprisoned, or bailed, as the case may be, for trial before such court of the United States as by law has cognizance of the offense. Copies of the process shall be returned as speedily as may be into the clerk's office of such court, together with the recognizances of the witnesses for their appearance to testify in the case. And where any offender or witness is committed in any district other than that where the offense is to be tried, it shall be the duty of the judge of the district where such offender or witness is imprisoned, seasonably to issue, and of the marshal to execute, a warrant for his removal to the district where the trial is to be had.

Approved August 22, 1842.

Extra compensation forbidden.
—for disbursements and extra services.
R. S., § 1765.
—*unless.*

No officer in any branch of the public service, or any other person whose salary, pay, or emoluments are fixed by law or regulations, shall receive any additional pay, extra allowance, or compensation, in any form whatever, for the disbursement of public money, or for any other service or duty whatever, unless the same is authorized by law, and

the appropriation therefor explicitly states that it is for such additional pay, extra allowance, or compensation.

Approved August 23, 1842.

Report of contingent fund. R. S., § 193. See 1874, June 20, ch. 328, 18 St. L., 96. —expenditures therefrom to be given in detail. Former appropriations. Disbursing officers to return statements of next preceding year.

The head of each Department shall make an annual report to Congress, giving a detailed statement of the manner in which the contingent fund for his Department, and for the bureaus and offices therein, has been expended, giving the names of every person to whom any portion thereof has been paid; and if for anything furnished, the quantity and price; and if for any service rendered, the nature of such service, and the time employed, and the particular occasion or cause, in brief, that rendered such service necessary; and the amount of all former appropriations in each case on hand, either in the Treasury or in the hands of any disbursing officer or agent. And he shall require of the disbursing officers, acting under his direction and authority, the return of precise and analytical statements and receipts for all the moneys which may have been from time to time during the next preceding year expended by them, and shall communicate the results of such returns and the sums total, annually, to Congress.

Approved August 26, 1842.

Extra compensation. —as acting officer forbidden. R. S., § 1764. —for extra services forbidden, unless.

No allowance or compensation shall be made to any officer or clerk, by reason of the discharge of duties which belong to any other officer or clerk in the same or any other Department; and no allowance or compensation shall be made for any extra services whatever, which any officer or clerk may be required to perform, unless expressly authorized by law.

Approved August 26, 1842.

Manner of communicating estimates. R. S., § 3660.

The heads of Departments, in communicating estimates of expenditures and appropriations to Congress, or to any of the committees thereof, shall specify, as nearly as may be convenient, the sources from which such estimates are derived and the calculations upon which they are founded, and shall discriminate between such estimates as are conjectural in their character and such as are framed upon actual information and applications from disbursing officers. They shall also give references to any law or treaty by which the proposed expenditures are, respectively, authorized, specifying the date of each and the volume and page of the Statutes at Large, or of the Revised Statutes, as the case may be, and the section of the act in which the authority is to be found.

Approved August 26, 1842.

Contingent fund. —written order for expenditures from. R. S., § 3683.

No part of the contingent fund appropriated to any Department, Bureau, or office shall be applied to the purchase of any articles except such as the head of the Department shall deem necessary and proper to carry on the business of the Department, Bureau, or office, and shall, by written order, direct to be procured.

Approved August 26, 1842.

Jurisdiction, district courts —suits under postal laws. R. S., § 563.

The district courts (of the United States) shall have jurisdiction as follows:

Seventh. Of all causes of action arising under the postal laws of the United States.

Approved March 3, 1845.

Jurisdiction, circuit courts —suits under postal laws. R. S., § 629.

The circuit courts (of the United States) shall have original jurisdiction as follows: * * *

Fourth. * * * of all causes arising under the postal laws.

Approved March 3, 1845.

Keeping of accounts by depositaries. R. S., § 3642.

Every depositary shall keep his account of the money paid to or deposited with him belonging to the Post-Office Department separate and distinct from the account kept by him of other public moneys so paid or deposited.

Approved August 6, 1846.

Depositaries to make returns of deposits and payments. R. S., § 3644. —Postmaster-General to prescribe time and form.

* * * Each depositary * * * shall make returns to the * * * Post-Office Department of all moneys received and paid by him, at such times and in such forms as shall be directed by the * * * Postmaster-General.

Approved August 6, 1846.

Loaning, using, or unauthorized deposit of public moneys. R. S., § 5498. —penalty.

Every officer or other person charged by any act of Congress with the safe-keeping of the public moneys, who fails to safely keep the same, without loaning, using, converting to his own use, depositing in banks, or exchanging for other funds than as specially allowed by law, shall be guilty of embezzlement of the money so loaned, used, converted, deposited, or exchanged; and shall be imprisoned not less than six months nor more than ten years, and fined in a sum equal to the amount of money so embezzled.

Approved August 6, 1846.

Double salaries R. S., § 1763.

No person who holds an office, the salary or annual compensation attached to which amounts to the sum of two thousand five hundred dollars, shall receive compensation for discharging the duties of any other office, unless expressly authorized by law.

Approved August 31, 1852.

Officers, etc., acting as agent for, or assisting or aiding in, prosecution of claims. R. S., § 5498. —penalty.

Every officer of the United States, or person holding any place of trust or profit, or discharging any official function under, or in connection with, any Executive Department of the Government of the United States, or under the Senate or House of Representatives of the United States, who acts as an agent or attorney for prosecuting any claim against the United States, or in any manner or by any means, otherwise than in discharge of his proper official duties, aids or assists in the prosecution or support of any such claim, or receives any gratuity, or any share of or interest in any claim from any claimant against the United States, with intent to aid or assist, or in consideration of having aided or assisted, in the prosecution of such claim, shall pay a fine of not more than five thousand dollars, or suffer imprisonment not more than one year, or both.

Approved February 26, 1853.

Classification of clerks. R. S., § 163.

The clerks in the Departments shall be arranged in four classes, distinguished as the first, second, third, and fourth classes.

Approved March 3, 1853.

Clerks, distribution of, may be altered. R. S., § 166.

Each head of a Department may from time to time alter the distribution among the various Bureaus and offices of his Department of the clerks allowed by law, as he may find it necessary and proper to do.

Approved March 3, 1853.

False vouchers and receipts. R. S., § 5483. —penalty for filing, in case of smaller payments than given.

Every officer charged with the payment of any of the appropriations made by any act of Congress, who pays to any clerk, or other employee of the United States, a sum less than that provided by law, and requires such employee to receipt or give a voucher for an amount greater than that actually paid to and received by him, is guilty of embezzlement, and shall be fined in double the amount so withheld from any employee of the Government, and shall be imprisoned at hard labor for the term of two years.

Approved March 3, 1853.

Oaths, before whom taken. R. S., § 1778.

In all cases in which, under the laws of the United States, oaths or acknowledgments may now be taken or made before any justice of the peace of any State or Territory, or in the District of Columbia, they may hereafter be also taken or made by or before any notary public duly appointed in any State, District, or Territory, or any of the commissioners of the circuit courts, and, when certified under the hand and official seal of such notary or commissioner, shall have the same force and effect as if taken or made by or before such justice of the peace.

Approved July 29, 1854.

Bonds given by disbursing officers. R. S., § 3614.

Whenever it becomes necessary for the head of any Department or office to employ special agents, other than officers of the Army or Navy, who may be charged with the disbursements of public moneys, such agents shall, before entering upon duty, give bond in such form and with such security as the head of the Department or office employing them may approve.

Approved August 4, 1854.

Estimates for compensation, authority. R. S., § 3662.

All estimates for the compensation of officers authorized by law to be employed shall be founded upon the express provisions of law and not upon the authority of executive distribution.

Approved March 3, 1855.

Estimates for new items, etc., explanations required. R. S., § 3664.

Whenever the head of a Department, being about to submit to Congress the annual estimates of expenditures required for the coming year, finds that the usual items of such estimates vary materially in amount from the appropriation ordinarily asked for the object named, and especially from the appropriation granted for the same objects for the preceding year, and whenever new items not theretofore usual are introduced into such estimates for any year, he shall accompany the estimates by minute and full explanations of all such variations and new items, showing the reasons and grounds upon which the amounts are required and the different items added.

Approved March 3, 1855.

Failure to deposit with proper depositary. R. S., § 5492. —penalty.

Every person who, having moneys of the United States in his hands or possession, fails to make deposit of the same with the Treasurer, or some assistant treasurer, or some public depositary of the United States, when required so to do by the Secretary of the Treasury, or the head of any other proper Department, or by the accounting officers of the Treasury, shall be deemed guilty of embezzlement thereof, and shall be imprisoned not less than six months nor more than ten years, and fined in a sum equal to the amount of money embezzled. (See R. S., § 4053.)

Approved March 3, 1857.

Appropriations outstanding, amount of, to be designated. R. S., § 3665.

The head of each Department, in submitting to Congress his estimates of expenditures required in his Department during the year then approaching, shall designate not only the amount required to be appropriated for the next fiscal year, but also the amount of the outstanding appropriation, if there be any, which will probably be required for each particular item of expenditure.

Approved June 2, 1858.

Contracts not to be made unless authorized by law. R. S., § 3732.

No contract or purchase on behalf of the United States shall be made unless the same is authorized by law or is under an appropriation adequate to its fulfillment, * * *

Approved March 2, 1861.

Who may administer oath. —general. R. S., § 1758.

The oath of office required by either of the two preceding sections (R. S. §§ 1756 and 1757) * * * (see act of May 13, 1884) may be taken before any officer who is authorized either by the laws of the United States or by the local municipal law to administer oaths in the State, Territory, or District where such oath may be administered.

Approved August 6, 1861.

Rates of compensation for mail transportation on Pacific railroads. 1862, July 1, ch. 120, 12 St. L., 493. —how determined.

The grants aforesaid (to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean) are made upon the condition that said company shall * * * transport mails * * * upon said railroad for the Government, whenever required to do so by any Department thereof, and that the Government shall at all times have the preference in the use of the same for all the purposes aforesaid (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service). * * *

Approved July 1, 1862.

Reports of certain agricultural colleges, etc.
1862, July 2, ch. 130, § 5, 12 St. L., 503.
1890, Aug. 30, ch. 841, § 3, 1 Supp., 799.
See 1866, July 23, ch. 209, 14 St. L., 208.
—free when transmitted to other such colleges, etc.

One copy of (each of the annual reports required by law to be made to the Secretary of the Interior and the Secretary of Agriculture, by such colleges as are or may hereafter be established for the benefit of agriculture and the mechanic arts in the several States and Territories under the provisions of the act of July 2, 1862, entitled "An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts," and the acts amendatory thereof) * * * shall be transmitted by mail free, by each, to all the other colleges which may be endowed under the provisions of this act (of July 2, 1862), and also one copy to the Secretary of the Interior (and the Secretary of Agriculture).

Approved July 2, 1862.

Contracts not assignable.
R. S., § 3737.
—if assigned, causes annulment.
—right of action reserved.

No contract or order, or any interest therein, shall be transferred by the party to whom such contract or order is given to any other party, and any such transfer shall cause the annulment of the contract or order transferred, so far as the United States are concerned. All rights of action, however, for any breach of such contract by the contracting parties, are reserved to the United States.

Approved July 17, 1862.

Procuring office or contract for consideration.
R. S., § 1781.
Making compensation to officer for contract or office, etc.

Every Member of Congress or any officer or agent of the Government who, directly or indirectly, takes, receives, or agrees to receive, any money, property, or other valuable consideration whatever, from any person for procuring, or aiding to procure, any contract, office, or place, from the Government or any Department thereof, or from any officer of the United States, for any person whatever, or for giving any such contract, office, or place to any person whomsoever, and every person who, directly or indirectly, offers or agrees to give, or gives, or bestows any money, property, or other valuable consideration whatever, for the procuring or aiding to procure any such contract, office, or place, and every Member of Congress who, directly or indirectly, takes, receives, or agrees to receive any money, property, or other valuable consideration whatever after his election as such member, for his attention to, services, action, vote, or decision on any question, matter, cause, or proceeding which may then be pending, or may by law or under the Constitution be brought before him in his official capacity, or in his place as such Member of Congress, shall be deemed guilty of a misdemeanor, and shall be imprisoned not more than two years and fined not more than ten thousand dollars. And any such contract or agreement may, at the option of the President, be declared absolutely null and void; and any Member of Congress or officer convicted of a violation of this section shall, moreover, be disqualified from holding any office of honor, profit, or trust under the Government of the United States.

—penalty.
Contracts unlawfully procured may be annulled, etc.

Approved February 25, 1863.

Exchange of funds in hands of disbursing agents.
R. S., § 3651.
—forbidden, except.
Payments.
Drafts.
—to be collected.

No exchange of funds shall be made by any disbursing officer or agent of the Government, of any grade or denomination whatsoever, or connected with any branch of the public service, other than an exchange for gold, silver, United States notes, and national-bank notes; and every such disbursing officer, when the means for his disbursements are furnished to him in gold, silver, United States notes, or national-bank notes, shall make his payments in the moneys so furnished; or when they are furnished to him in drafts, shall cause those drafts to be presented at their place of payment, and properly paid according to law, and shall make his payments in the money so received for the drafts furnished, unless, in either case, he can exchange the means in his hands for gold and silver at par. * * *

Approved June 3, 1864.

Officers, etc., receiving compensation for matters in which United States is interested.
R. S., § 1782.

No Senator, Representative, or Delegate, after his election and during his continuance in office, and no head of a Department, or other officer or clerk in the employ of the Government, shall receive or agree to receive any compensation whatever, directly or indirectly, for any services rendered, or to be rendered, to any person, either by himself or another, in relation to any proceeding, contract, claim, controversy, *charge, accusation*, arrest, or other matter or thing in which the United

States is a party, or directly or indirectly interested, before any Department, court-martial, Bureau, officer, or any civil, military, or naval commission whatever. Every person offending against this section shall be deemed guilty of a misdemeanor, and shall be imprisoned not more than two years, and fined not more than ten thousand dollars, and shall, moreover, by conviction therefor, be rendered forever thereafter incapable of holding any office of honor, trust, or profit under the Government of the United States.

Officers, etc., receiving compensation, etc., penalty.

Approved June 11, 1864.

In all cases where debts are due from defaulting or delinquent postmasters, contractors, or other officers, agents, or employees of the Post-Office Department, a warrant of attachment may issue against all real and personal property and legal and equitable rights belonging to such officer, agent, or employee, and his sureties, or either of them, in the following cases:

Warrant of attachment in postal suits. R. S., § 924.

First. When such officer, agent, or employee, and his sureties, or either of them, is a nonresident of the district where such officer, agent, or employee was appointed, or has departed from such district for the purpose of permanently residing out of the same, or of defrauding the United States, or of avoiding the service of civil process.

—may issue where parties are nonresidents.

Second. When such officer, agent, or employee, and his sureties, or either of them, has conveyed away or is about to convey away his property, or any part thereof, or has removed or is about to remove the same or any part thereof from the district wherein it is situate, with intent to defraud the United States.

—where property is to be removed.

And when any such property has been removed, certified copies of the warrant may be sent to the marshal of the district into which the same has been removed, under which certified copies he may seize said property and convey it to some convenient point within the jurisdiction of the court from which the warrant originally issued. And alias warrants may be issued in such cases upon due application, and the validity of the warrant first issued shall continue until the return day thereof.

—where property has been removed, how executed.

Approved February 23, 1865.

Application for such warrant of attachment may be made by any district or assistant district attorney, or any other person authorized by the Postmaster-General, before the judge, or, in his absence, before the clerk of any court of the United States having original jurisdiction of the cause of action. And such application shall be made upon an affidavit of the applicant, or of some other credible person, stating the existence of either of the grounds of attachment enumerated in the preceding section, and upon production of legal evidence of the debt.

Application for warrant of attachment. R. S., § 925.
—to whom, and by whom to be made.
—affidavit in support of.

Approved February 23, 1865.

Persons honorably discharged from the military and naval service by reason of disability resulting from wounds or sickness incurred in the line of duty shall be preferred for appointments to civil offices, provided they are found to possess the business capacity necessary for the proper discharge of the duties of such offices.

Soldiers and sailors. R. S., § 1754.
—preferred for appointment, when.

Approved March 3, 1865.

No portrait shall be placed upon any of the bonds, securities, notes, fractional or postal currency of the United States while the original of such portrait is living.

Portraits on postal currency, etc.
—restrictions. R. S., § 3576.

Approved April 7, 1866.

Every banker, broker, or other person not an authorized depositary of public moneys, who knowingly receives from any disbursing officer, or collector of internal revenue, or other agent of the United States, any public money on deposit, or by way of loan or accommodation, with or without interest, or otherwise than in payment of a debt against the United States, or who uses, transfers, converts, appropriates, or applies any portion of the public money for any purpose not prescribed by law, and every president, cashier, teller, director, or other officer

Acceptance of unlawful deposits by bankers, etc. R. S., § 5497.

Acceptance of unlawful deposits, etc., penalty.

of any bank or banking association who violates any of the provisions of this section is guilty of an act of embezzlement of the public money so deposited, loaned, transferred, used, converted, appropriated, or applied, and shall be punished as prescribed in section fifty-four hundred and eighty-eight (of the Revised Statutes).

Approved June 14, 1866.

Companies accepting privileges to file acceptances with Postmaster-General.
R. S., § 5268.

Before any telegraph company shall exercise any of the powers or privileges conferred by law, such company shall file their written acceptance with the Postmaster-General of the restrictions and obligations required by law. (See R. S., §§ 5263–5267.)

Approved July 24, 1866.

Advertisements, etc., in likeness of obligations of the United States.
R. S., § 3706.

It shall not be lawful to design, engrave, print, or in any manner make or execute, or to utter, issue, distribute, circulate, or use, any business or professional card, notice, placard, circular, handbill, or advertisement, in the likeness or similitude of any bond, certificate of indebtedness, certificate of deposit, coupon, United States note, Treasury note, fractional note, or other obligation or security of the United States which has been or may be issued under or authorized by any act of Congress heretofore passed or which may hereafter be passed; or to write, print, or otherwise impress upon any such instrument, obligation, or security any business or professional card, notice, or advertisement, or any notice or advertisement of any matter or thing whatever. Any person violating this section shall be liable to a penalty of one hundred dollars, recoverable one-half to the use of the informer.

—penalty for issue of.

Approved February 5, 1867.

All parties to a conspiracy equally guilty.
R. S., § 5440.

If two or more persons conspire either to commit any offense against the United States, or to defraud the United States in any manner or for any purpose, and one or more of such parties do any act to effect the object of the conspiracy, all the parties to such conspiracy shall be liable to a penalty of not less than one thousand dollars and not more than ten thousand dollars, and to imprisonment not more than two years.

Approved March 2, 1867.

Bidders to be notified of opening of bids.
R. S., § 3710.
—may be present.

Whenever proposals for supplies have been solicited, the parties responding to such solicitation shall be duly notified of the time and place of opening the bids, and be permitted to be present either in person or by attorney, and a record of each bid shall then and there be made.

Approved January 31, 1868.

Contracts not to exceed one year.
R. S., § 3735.

It shall not be lawful for any of the Executive Departments to make contracts for stationery or other supplies for a longer term than one year from the time the contract is made.

Approved January 31, 1868.

Appropriations to be expended only for objects specified.
R. S., § 3678.
See 1875, June 19, ch. 329, 1 Supp., 201; R. S., §§ 3690, 3691.

All sums appropriated for the various branches of expenditure in the public service shall be applied solely to the objects for which they are respectively made, and for no others.

Approved February 12, 1868.

Copy of every postal convention to be furnished Public Printer.
R. S., § 3903.

The Secretary of State shall furnish the Congressional Printer with a correct copy * * * of every postal convention made between the Postmaster-General, by and with the advice and consent of the President, on the part of the United States, and equivalent officers of foreign governments on the part of their respective countries.

Approved March 9, 1868.

Copy of every postal convention to Secretary of State.
R. S., § 3904.

The Postmaster-General shall transmit a copy of every postal convention to the Secretary of State for the purpose of being printed, and the printed copy thereof shall be revised by the Post-Office Department instead of by the Secretary of State.

Approved March 9, 1868.

Postal conventions to be printed by Public Printer. R. S., § 3806.

The Congressional Printer, on receiving from the Postmaster-General a copy of any postal convention between the Postmaster-General, on the part of the United States, and an equivalent officer of any foreign government, shall immediately cause an accurate printed copy thereof to be executed and sent in duplicate to the Postmaster-General. On the return of one of the revised duplicates, he shall at once have the marked corrections made and cause to be printed and sent to the Postmaster-General any number of copies which he may order, not exceeding five hundred, and to be printed separately, and sent to the two Houses of Congress, the usual number.

Approved March 9, 1868.

Printing and binding. R. S., § 3786. —to be done at Government Printing Office, except.

All printing, binding, and blank books for the * * * Executive * * * Departments shall be done at the Government Printing Office, except in cases otherwise provided by law.

Approved July 20, 1868.

Acting officers. —of Department. R. S., § 177.

In case of the death, resignation, absence, or sickness of the head of any Department, the first or sole assistant thereof shall, unless otherwise directed by the President, as provided by section one hundred and seventy-nine (R. S.), perform the duties of such head until a successor is appointed, or such absence or sickness shall cease.

Approved July 23, 1868.

Acting officers of Bureaus. R. S., § 178.

In case of death, resignation, absence, or sickness of the chief of any Bureau, or of any officer thereof, whose appointment is not vested in the head of the Department, the assistant or deputy of such chief or of such officer, or if there be none, then the chief clerk of such Bureau, shall, unless otherwise directed by the President, as provided by section one hundred and seventy-nine (R. S.), perform the duties of such chief or of such officer until a successor is appointed or such absence or sickness shall cease.

Approved July 23, 1868.

Acting officers may be named by President, when. R. S., § 179.

In any of the cases mentioned in the two preceding sections (R. S., §§ 177 and 178) * * * the President may, in his discretion, authorize and direct the head of any other Department or any other officer in either Department, whose appointment is vested in the President, by and with the advice and consent of the Senate, to perform the duties of the vacant office until a successor is appointed, or the sickness or absence of the incumbent shall cease.

Approved July 23. 1868.

Extra compensation for performing duties during vacancy forbidden. R. S., § 182.

An officer performing the duties of another office, during a vacancy, as authorized by sections one hundred and seventy-seven, one hundred and seventy-eight, and one hundred and seventy-nine (Revised Statutes), is not by reason thereof entitled to any other compensation than that attached to his proper office.

Approved July 23, 1868.

Copies of quarterly returns of postmasters and money-order transcripts to be admitted as evidence. R. S., § 889. —to be certified by Auditor. —judgment thereon.

Copies of the quarterly returns of postmasters and of any papers pertaining to the accounts in the office of the Sixth Auditor, and transcripts from the money-order account books of the Post-Office Department, when certified by the Sixth Auditor under the seal of his office, shall be admitted as evidence in the courts of the United States in civil suits and criminal prosecutions; and in any civil suit, in case of delinquency of any postmaster or contractor, a statement of the account, certified as aforesaid, shall be admitted in evidence, and the court shall be authorized thereupon to give judgment and award execution, subject to the provisions of law as to proceedings in such civil suits.

Approved July 27, 1868.

Certified copies of statement of demands as evidence. R. S., § 890. What constitutes demand.

In all suits for the recovery of balances due from postmasters, a copy, duly certified under the seal of the Sixth Auditor, of the statement of any postmaster, special agent (post-office inspector), or other person, employed by the Postmaster-General or the Auditor for that purpose, that he has mailed a letter to such delinquent postmaster at the post-office

where the indebtedness accrued, or at his last usual place of abode; that a sufficient time has elapsed for said letter to have reached its destination in the ordinary course of the mail; and that payment of such balance has not been received within the time designated in his instructions, shall be received as sufficient evidence in the courts of the United States, or other courts, that a demand has been made upon the delinquent postmaster; but when the account of a late postmaster has been once adjusted and settled, and a demand has been made for the balance appearing to be due, and afterwards allowances are made or credits entered, it shall not be necessary to make a further demand for the new balance found to be due.

No demand to be made on late postmasters, when.

Approved July 27, 1868.

Oaths to witnesses in investigations.
R. S., § 183.
1901, Mar. 2, ch. 809, § 3, 31 Stat. L., 951.
—officers and clerks may administer.

Any officer or clerk of any of the Departments lawfully detailed to investigate frauds on, or attempts to defraud, the Government, or any irregularity or misconduct of any officer or agent of the United States, * * * shall have authority to administer an oath to any witness attending to testify or depose in the course of such investigation.

Resolution approved April 10, 1869.

Gifts to superiors.
R. S., § 1784.
—superiors not to receive.
—subordinates not to make.
—penalty.

No officer, clerk, or employee in the United States Government employ shall at any time solicit contributions from other officers, clerks, or employees in the Government service for a gift or present to those in a superior official position; nor shall any such officials or clerical superiors receive any gift or present offered or presented to them as a contribution from persons in Government employ receiving a less salary than themselves; nor shall any officer or clerk make any donation as a gift or present to any official superior. Every person who violates this section shall be summarily discharged from the Government employ.

Approved February 1, 1870.

Copyright article.
—receipt for, when to be given.
R. S., § 4961.

The postmaster to whom such copyright book, title, or other article is delivered, shall, if requested, give a receipt therefor; and when so delivered he shall mail it to its destination.

Approved July 8, 1870.

Expenditures not to exceed appropriations.
R. S., § 3679.
Contracts for future payments forbidden.
Note.

No Department of the Government shall expend, in any one fiscal year, any sum in excess of appropriations made by Congress for that fiscal year or involve the Government in any contract for the future payment of money in excess of such appropriation.

NOTE.—This section yields to the special authority conferred upon the Postmaster-General to enter into contracts for carrying the mails.

Approved July 12, 1870.

Contingent fund.
—not to be expended for clerical services.
See 1875, Mar. 3, ch. 129, 18 St. L., 367.
R. S., § 3682.

No moneys appropriated for contingent, incidental, or miscellaneous purposes shall be expended or paid for official or clerical compensation.

Approved July 12, 1870.

Balances of appropriations.
R. S., § 3690.
—to be used for payment of obligations incurred during year.
—carried to surplus fund.

All balances of appropriations contained in the annual appropriation bills and made specifically for the service of any fiscal year, and remaining unexpended at the expiration of such fiscal year, shall only be applied to the payment of expenses properly incurred during that year or to the fulfillment of contracts properly made within that year; and balances not needed for such purposes shall be carried to the surplus fund. This section, however, shall not apply to appropriations known as permanent or indefinite appropriations.

Approved July 12, 1870.

Advertising.
R. S., § 3828.
—authority for to be in writing.
—bill therefor.

No advertisement, notice, or proposal for any Executive Department of the Government, or for any Bureau thereof, or for any office therewith connected, shall be published in any newspaper whatever, except in pursuance of a written authority for such publication from the head of such Department; and no bill for any such advertising or publication shall be paid, unless there be presented with such bill a copy of such written authority.

Approved July 15, 1870.

Failure of officer to account for money received.
R. S., § 5491.
—penalty.

Every officer or agent of the United States who, having received public money which he is not authorized to retain as salary, pay, or emolument, fails to render his accounts for the same as provided by law, shall be deemed guilty of embezzlement, and shall be fined in a sum equal to the amount of the money embezzled, and shall be imprisoned not less than six months or more than ten years.

Approved July 15, 1870.

Witnesses in claims.
R. S., § 184.
—head of Department may apply for subpœna to judge or clerk of United States court.

Any head of a Department or Bureau in which a claim against the United States is properly pending may apply to any judge or clerk of any court of the United States, in any State, District, or Territory, to issue a subpœna for a witness being within the jurisdiction of such court, to appear at a time and place in the subpœna stated, before any officer authorized to take depositions to be used in the courts of the United States, there to give full and true answers to such written interrogatories and cross-interrogatories as may be submitted with the application, or to be orally examined and cross-examined upon the subject of such claim.

Approved February 14, 1871.

Printing or binding.
—to be done only on requisition.
R. S., § 3789.

No printing or binding shall be done, or blank books furnished, * * * for any of the Executive Departments, except on a written requisition by the head of such Department, or one of his assistants.

Approved March 3, 1871.

Estimates for printing and binding.
R. S., § 3661.

The head of each of the Executive Departments, and every other public officer who is authorized to have printing and binding done at the Congressional Printing Office for the use of his Department or public office, shall include in his annual estimate for appropriations for the next fiscal year such sum or sums as may to him seem necessary "for printing and binding, to be executed under the direction of the Congressional Printer."

Approved May 8, 1872.

Accounts, appeal from settlements by Auditor, may be made to Comptroller.
R. S., § 270.

Whenever the Postmaster-General or any person whose accounts have been settled by the Sixth Auditor is dissatisfied with the settlement made by the Auditor, he may, within twelve months, appeal to the First Comptroller, whose decision shall be conclusive. (See act July 31, 1894.)

Approved June 8, 1872.

Auditor to superintend collections.
R. S., § 292.
See 1896, Feb. 26, ch. 33, 2 Supp., 448.
—to enforce payment.

The Sixth Auditor (Auditor for the Post-Office Department) shall superintend the collection of all debts due the Post-Office Department, and all penalties and forfeitures imposed for any violation of the postal laws, and take all such other measures as may be authorized by law to enforce the payment of such debts and the recovery of such penalties and forfeitures. He shall also superintend the collection of all penalties and forfeitures arising under other statutes, where such penalties and forfeitures are the consequence of unlawful acts affecting the revenues or property of the Post-Office Department. (See act Mar. 3, 1875, ch. 130, sec. 2, and act July 31, 1894, ch. 174, sec. 3.)

Approved June 8, 1872.

Money-order accounts. R. S., § 293. —to be kept separately. —what to show.

The Sixth Auditor (for the Post-Office Department) shall keep the accounts of money-order business separately, and in such manner as to show the number and amount of money orders issued at each office, the number and amount paid, the amount of fees received, and all the expenses of the money-order business.

Approved June 8, 1872.

Quarterly report to Postmaster-General of money disbursed by postmasters. R. S., § 294.

The Sixth Auditor (for the Post-Office Department) shall state and certify quarterly to the Postmaster-General an account of the money paid by postmasters out of the receipts of their offices, and pursuant to appropriations, on account of the expenses of the postal service; designating the heads under which such payments were made.

Approved June 8, 1872.

Compromise of judgments. R. S., § 295. —Auditor may make with consent of Postmaster-General.

Whenever a judgment is obtained for a debt or damages due the Post-Office Department, and it satisfactorily appears that such judgment, or so much thereof as remains unpaid, can not be collected by due process of law, the Sixth Auditor may, with the written consent of the Postmaster-General, compromise such judgment, and accept in satisfaction less than the full amount thereof.

Approved June 8, 1872.

Papers to be furnished Department of Justice in suits against delinquents. R. S., § 296.

In case of delinquency of any postmaster, contractor, or other officer, agent, or employee of the Post-Office Department, in which suit is brought, the Sixth Auditor shall forward to the Department of Justice certified copies of all papers in his office tending to sustain the claim.

Approved June 8, 1872.

Oaths in settlement of accounts. R. S., § 297.

The several Auditors are empowered to administer oaths to witnesses in any case in which they may deem it necessary for the due examination of the accounts with which they shall be charged.

Approved June 8, 1872.

Oaths in settlement of accounts. —who may administer. R. S., § 298.

Any mayor of a city, justice of the peace, or judge of any court of record in the United States may administer oaths, in relation to the examination and settlement of the accounts committed to the charge of the Sixth Auditor.

Approved June 8, 1872.

Instructions of Department of Justice to be obeyed in postal suits. R. S., § 381.

In the prosecution of any suit for money due the Post-Office Department, the United States attorney conducting the same shall obey the directions which may be given him by the Department of Justice.

Approved June 8, 1872.

Proceedings in equity for money due Post-Office Department. R. S., § 382.

When proceedings at law for money due the Post-Office Department are fruitless, the Department of Justice may direct the institution of a suit in chancery, in any United States district or circuit court, to set aside fraudulent conveyances or trusts, or attach debts due the defendant, or obtain any other proper exercise of the powers of equity to have satisfaction of any judgment against such defendant.

Approved June 8, 1872.

Post-Office Department. R. S., § 388. The Postmaster-General. —term of office of.

There shall be at the seat of government an Executive Department, to be known as the Post-Office Department, and a Postmaster-General, who shall be the head thereof, and who shall be appointed by the President, by and with the advice and consent of the Senate, and who may be removed in the same manner; and the term of the Postmaster-General shall be for and during the term of the President by whom he is appointed, and for one month thereafter, unless sooner removed.

Note. NOTE.—The salary of the Postmaster-General is $8,000 a year.

Approved June 8, 1872.

Assistant Attorney-General for the Post-Office Department. *R. S., § 360. Note.*

There shall be employed in the Post-Office Department one Assistant Attorney-General, who shall be appointed by the Postmaster-General, and shall be entitled to a salary of four thousand dollars a year.

NOTE.—Under recent appropriation acts the Assistant Attorney-*General* receives a salary of $4,500 per annum.

Approved June 8, 1872.

Any officer, civil or military, holding a commission under the United States, is authorized to administer and certify the oath prescribed by the preceding section.

Oaths, before whom taken. R. S., § 392.

Approved June 8, 1872.

There shall be in the Post-Office Department:

Clerks and employees. R. S., § 393.

One chief clerk, at a salary of two thousand two hundred dollars a year.

One superintendent of the post-office building and disbursing clerk, at a salary of two thousand three hundred dollars a year.

One topographer, at a salary of two thousand five hundred dollars a year.

One stenographer at a salary of one thousand eight hundred dollars a year.

One messenger to the Postmaster-General, at a salary of nine hundred dollars a year.

One captain of the watch, at a salary of one thousand dollars a year.

One engineer, at a salary of one thousand six hundred dollars a year.

One assistant engineer, at a salary of one thousand dollars a year.

One carpenter, at a salary of one thousand two hundred and fifty-two dollars a year.

One assistant carpenter, at a salary of one thousand dollars a year.

One fireman and blacksmith, at a salary of nine hundred dollars a year.

Two firemen, at a salary of seven hundred and twenty dollars a year each.

Three female laborers, at a salary of four hundred and eighty dollars a year each.

In the office of the money-order system:

One superintendent, at a salary of four thousand dollars a year.

One chief clerk, at a salary of two thousand dollars a year.

In the office of foreign mails:

One superintendent, at a salary of four thousand dollars a year.

One chief clerk, at a salary of two thousand dollars a year.

In the dead-letter office:

One chief of division, at a salary of two thousand five hundred dollars a year.

In the office of mail depredations:

One chief of division, at a salary of two thousand five hundred dollars a year.

In the office of the blank agency:

One superintendent, at a salary of one thousand eight hundred dollars a year.

One assistant superintendent, at a salary of one thousand six hundred dollars a year.

Four assistants, at a salary of one thousand two hundred dollars a year each.

In the office of each of the Assistant Postmasters-General:

One chief clerk, at a salary of two thousand dollars a year.

Approved June 8, 1872.

The Postmaster-General shall keep the seal heretofore adopted for his Department, which shall be affixed to all commissions of postmasters and others, and used to authenticate all transcripts and copies which may be required from his Department.

Official seal. R. S., § 395. —custody of. —use of.

Approved June 8, 1872.

The Postmaster-General shall make out and keep, in proper books, full and complete inventories and accounts of all the property belonging to the United States in the buildings, rooms, offices, and grounds occupied by him and under his charge; and shall add thereto, from time to time, an account of such property as may be procured subsequently to the taking of the same, and also an account of the sale or disposal of any such property, and to report the same to Congress during the first week of each annual session. But this section shall not apply to the supplies of stationery and fuel.

Record and report of property. Property in Department. R. S., § 397. —record of. —sale of useless. —report of.

Approved June 8, 1872.

Postal conventions with foreign countries.
R. S., § 398.
—to be negotiated by the Postmaster-General.

For the purpose of making better postal arrangements with foreign countries, or to counteract their adverse measures affecting our postal intercourse with them, the Postmaster-General, by and with the advice and consent of the President, may negotiate and conclude postal treaties or conventions, and may reduce or increase the rates of postage on mail matter conveyed between the United States and foreign countries.

Approved June 8, 1872.

Publication of postal conventions.
R. S., § 399.

The Postmaster-General shall transmit a copy of each postal convention concluded with foreign governments to the Secretary of State, who shall furnish a copy of the same to the Congressional Printer for publication; and the printed proof sheets of all such conventions shall be revised at the Post-Office Department.

Approved June 8, 1872.

Blank agency at Washington, D. C.
R. S., § 400.

The Postmaster-General may establish a blank agency for the Post-Office Department, to be located at Washington, District of Columbia.

Approved June 8, 1872.

Foreign dead matter.
R. S., § 401.
—treatment subject to conventions.

The action of the Post-Office Department respecting foreign dead letters shall be subject to conventional stipulations with the respective foreign administrations.

Approved June 8, 1872.

Orders, contracts, etc., to bear true date.
R. S., § 402.
Date of filing papers relating to contracts, etc., to be affixed.

Every order, entry, or memorandum whatever, on which any action is to be based, allowance made, or money paid, and every contract, paper, or obligation made by or with the Post-Office Department, shall have its true date affixed to it; and every paper relating to contracts or allowances filed in the Department shall have the date when it was filed indorsed upon it.

Approved June 8, 1872.

Bonds and contracts to be in name of United States.
R. S., § 403.

All bonds taken and contracts entered into by the Post-Office Department shall be made to and with the United States of America.

Approved June 8, 1872.

Duplicate of contracts to be delivered to Auditor.
R. S., § 404.

The Postmaster-General shall deliver to the Sixth Auditor, within sixty days after the making of any contract for carrying the mail, a duplicate copy thereof.

Approved June 8, 1872.

Orders and regulations to be certified to Auditor.
R. S., § 405.

All orders and regulations of the Postmaster-General which may originate a claim, or in any manner affect the accounts of the postal service, shall be certified to the Sixth Auditor.

Approved June 8, 1872.

Payments by postmasters.
R. S., § 406.
—to be charged to appropriations.

Upon the certified quarterly statement by the Sixth Auditor of the payments by postmasters on account of the postal service, the Postmaster-General shall issue his warrant to the Treasurer to carry the amount to the credit of the postal revenues and to the debit of the proper appropriations upon the books of the Auditor.

Approved June 8, 1872.

Postal revenues and collections to be paid into the Treasury.
R. S., § 407.

The postal revenues and all debts due the Post-Office Department shall, when collected, be paid into the Treasury of the United States, under the direction of the Postmaster-General; and the Treasurer, Assistant Treasurer, or designated depositary receiving such payment shall give the depositary duplicate receipts therefor.

Approved June 8, 1872.

ing deposits into ... ts

All deposits on account of the postal service shall be brought into the Treasury by warrants of the Postmaster-General, countersigned by the Auditor; and no credit shall be allowed for any deposit until such warrant has been issued.

Approved June 8, 1872.

Compromise, remission, etc., of fines, penalties, forfeitures, disabilities, liabilities, etc. R.S., § 409.

In all cases of fine, penalty, forfeiture, or disability, or alleged liability for any sum of money by way of damages or otherwise, under any provision of law in relation to the officers, employees, operations, or business of the postal service, the Postmaster-General may prescribe such general rules and modes of proceeding as shall appear to be expedient, for the government of the Sixth Auditor, in ascertaining the fact in each case in which the Auditor shall certify to him that the interests of the Department probably require the exercise of his powers over fines, penalties, forfeitures, and liabilities; and upon the fact being ascertained, the Auditor may, with the written consent of the Postmaster-General, mitigate or remit such fine, penalty, or forfeiture, remove such disability, or compromise, release, or discharge such claim for such sum of money and damages, and on such terms as the Auditor shall deem just and expedient.

Auditor may make, with consent of Postmaster-General.

Approved June 8, 1872.

Discharge of imprisoned judgment debtors. R.S., § 410. —Postmaster-General may order. —no bar to subsequent execution. R.S., § 411.

The Postmaster-General may discharge from imprisonment any person confined in jail on any judgment in a civil case, obtained in behalf of the Department, if it be made to appear that the defendant has no property of any description.

Approved June 8, 1872.

The release provided for by the preceding section (R.S., § 410) shall not bar a subsequent execution against the property of the defendant on the same judgment.

Approved June 8, 1872.

Employees of Post-Office Department not to be interested in contracts. R.S., § 412. —not to act as agents. —penalty.

No person employed in the Post-Office Department shall become interested in any contract for carrying the mail, or act as agent, with or without compensation, for any contractor or person offering to become a contractor, in any business before the Department; and any person so offending shall be immediately dismissed from office, and shall be liable to pay so much money as would have been realized from said contract, to be recovered in an action of debt, for the use of the Post-Office Department.

Approved June 8, 1872.

Reports of Postmaster-General to Congress. R.S., § 413. —of contracts for carrying mail.

The Postmaster-General shall make the following annual reports to Congress:

First. A report of all contracts for carrying the mail made within the preceding year, giving in each case the name of the contractor, the date and duration of the contract, the routes embraced therein, with the length of each; the time of arrival and departure at the ends of each route; the mode of transportation, and the price to be paid, together with a copy of the recorded abstracts of all proposals for carrying the mail, as provided by section three thousand nine hundred and forty-eight (R. S.), title "THE POSTAL SERVICE."

—of additional mail routes established.

Second. A report of all land and water mails established or ordered within the preceding year, other than those let to contract at the annual letting, giving in each case the route or water course on which the mail is established, the name of the person employed to transport it, the mode of transportation, the price to be paid, and the duration of the order or contract.

—of extra allowances to contractors.

Third. A report of all allowances made to contractors within the preceding year above the sums originally stipulated in their respective contracts, and the reasons for the same, and of all orders made whereby additional expense is incurred on any route beyond the original contract price, giving in each case the route, the name of the contractor, the original service provided for by the contract, the original price, the additional service required, and the additional allowance therefor.

—of curtailments of expenses.

Fourth. A report of all curtailments of expenses effected within the preceeding year, giving in each case the same particulars as in the preceding report

—of finances.

Fifth. A report of the finances of the Department for the preceding year, showing the amount of balance due the Department at the be-

ginning of the year, the amount of postage which accrued within the year, the amount of engagements and liabilities, and the amount actually paid during the year for carrying the mail, showing how much of the amount was for carrying the mail in preceding years.

Reports of Postmaster-General of fines and deductions from contractors.

Sixth. A report of the fines imposed on and the deductions from the pay of contractors made during the preceding year, stating the name of the contractor, the nature of the delinquency, the route on which it occurred, when the fine was imposed, and whether the fine or deduction has been remitted and for what reason.

—copy of foreign mail contracts.

Seventh. A copy of each contract for carrying the mail between the United States and foreign countries, with a statement of the amount of postage derived under the same, so far as the returns of the Department will enable it to be done.

—of all other contracts.

Eighth. A report showing all contracts which have been made by the Department, other than for carrying the mail, giving the name of the contractor, the article or thing contracted for, the place where the article was to be delivered or the thing performed, the amount paid therefor, and the date and duration of the contract.

—of postal business in foreign countries.

Ninth. A report on the postal business and agencies in foreign countries.

—of all expenditures.

Tenth. A report of the amount expended in the Department for the preceding fiscal year, including detailed statements of expenditures made from the contingent fund.

—reports to be printed.

And the Postmaster-General shall cause all of such reports to be printed at the Public Printing Office, either together or separately, and in such numbers as may be required by the exigencies of the service or by law.

Approved June 8, 1872.

Annual estimates by Postmaster-General to Congress.

The Postmaster-General shall furnish a copy of his annual estimates to the Secretary of the Treasury prior to the first of November in each year, which shall be reported to Congress by the latter in his regular printed estimates.

—through Secretary of Treasury. R. S., § 414. See 1875, Mar. 3, ch. 129, § 3; 1 Supp., 72.

Approved June 8, 1872.

Reports of proceedings in postal suits. R. S. § 775.

—district attorneys to make.

Execution on judgments to be speedy.

Each district attorney shall, immediately after the end of every term in which any suit for moneys due on account of the Post-Office Department has been pending in his district, forward to the Department of Justice a statement of any judgment or order made, or step taken in the same, during such term, accompanied by a certificate of the clerk, showing the parties to and amount of every such judgment, with such other information as the Department of Justice may require. And the said attorney shall direct speedy and effectual execution upon said judgment, and the United States marshal to whom the same is directed shall make returns of the proceedings thereon to the Department of Justice, at such times as it may direct.

Approved June 8, 1872.

Suits to be in name of United States. R. S., § 919.

* * * all suits arising under the postal laws shall be brought in the name of the United States.

Approved June 8, 1872.

Transfer of money. R. S., § 3641.

—how made.

—when.

The Postmaster-General may transfer money belonging to the postal service between the Treasurer, assistant treasurers, and designated depositaries, at his discretion, and as the safety of the public money and the convenience of the service may require.

Approved June 8, 1872.

Estimates for appropriations. R. S., § 3668.

—to be submitted annually.

—classification.

The Postmaster-General shall submit to Congress at each annual session an estimate of the amount that will be required for the ensuing fiscal year, under each of the following heads:

First. Transportation of the mails.

Second. Compensation of postmasters.

Third. Compensation of clerks in post-offices.

Fourth. Compensation of letter carriers.

Fifth. Compensation of blank agents and assistants.
Sixth. Mail depredations and special agents.
Seventh. Postage stamps and envelopes.
Eighth. Ship, steamboat, and way letters.
Ninth. Dead letters.
Tenth. Mail bags.
Eleventh. Mail locks, keys, and stamps.
Twelfth. Wrapping paper.
Thirteenth. Office furniture.
Fourteenth. Advertising.
Fifteenth. Balances to foreign countries.
Sixteenth. Rent, light, and fuel for post-offices.
Seventeenth. Stationery.
Eighteenth. Miscellaneous.

Such estimates shall show the sums paid under each head, and the names of the persons to whom payments are made out of the miscellaneous fund; but the names of persons employed in detecting depredations on the mail, and of other confidential agents, need not be disclosed.

Estimates for appropriations, to show payments under each head and out of miscellaneous fund.

Approved June 8, 1872.

Payments of money out of the Treasury on account of the postal service shall be in pursuance of appropriations made by law, by warrants of the Postmaster-General, registered and countersigned by the Auditor for the Post-Office Department, and expressing on their face the appropriation to which they should be charged.

Payments by warrant. R. S., § 3674. —how drawn. —to show appropriation on which drawn.

Approved June 8, 1872.

The Postmaster-General shall establish post-offices at all such places on post roads established by law as he may deem expedient, and he shall promptly certify such establishment to the Auditor for the Post-Office Department; and every person who, without authority from the Postmaster-General, sets up or professes to keep any office or place of business bearing the sign, name, or title of post-office shall, for every such offense, be liable to a penalty of not more than five hundred dollars.

Post-offices. R. S., § 3829. —Postmaster-General to establish. —penalty for setting up without authority.

Approved June 8, 1872.

Every postmaster shall reside within the delivery of the office to which he is appointed.

Postmasters to reside within delivery of office. R. S., § 3831.

Approved June 8, 1872.

Every person employed in the postal service shall be subject to all penalties and forfeitures for violation of the laws relating to such service whether he has taken the oath of office or not.

Failure to take oath. R. S., § 3832. —not exempt from penalties, etc., by.

Approved June 8, 1872.

All causes of action arising under the postal laws may be sued, and all offenders against the same may be prosecuted, before the justices of the peace, magistrates, or other judicial courts of the several States and Territories having competent jurisdiction by the laws thereof, to the trial of claims and demands of as great value, and of prosecutions where the punishments are of as great extent; and such justices, magistrates, or judiciary shall take cognizance thereof, and proceed to judgment and execution as in other cases.

Suits and prosecutions in State courts. R. S., § 3833.

Approved June 8, 1872.

Every postmaster, before entering upon the duties of his office, shall give bond, with good and approved security, and in such penalty as the Postmaster-General shall deem sufficient, conditioned for the faithful discharge of all duties and trusts imposed on him either by law or the rules and regulations of the Department; and where an office is designated as a money-order office, the bond of the postmaster shall contain an additional condition for the faithful performance of all duties and obligations in connection with the money-order business. On the death, resignation, or removal of a postmaster, his bond shall be deliv-

Bonds of postmasters. R. S., § 3834. —conditions of. —at money-order offices.

Bonds of married women appointed postmasters.

ered to the Sixth Auditor. The bond of any married woman who may be appointed postmaster shall be binding upon her and her sureties, and she shall be liable for misconduct in office as if she were sole.

Approved June 8, 1872.

Application of payments after new bond.
R. S., § 3835.
See 1879, Feb. 4, ch. 45, 1 Supp., 214.
—how may be made.

Whenever any postmaster is required to execute a new bond, all payments made by him after the execution of such new bond may, if the Postmaster-General or the Sixth Auditor deem it just, be applied first to discharge any balance which may be due from such postmaster under his old bond.

Approved June 8, 1872.

Vacancies in post-office to be promptly filled.
R. S., § 3836.
See 1895, Mar. 2, ch. 177, § 5, 2 Supp., 419.
Auditor to be advised of change.
Liability of sureties.
—to continue till vacancy is filled, etc.
—may be terminated by notice.
Inspector may be put in charge.

Whenever the office of any postmaster becomes vacant, the Postmaster-General or the President shall supply such vacancy without delay, and the Postmaster-General shall promptly notify the Sixth Auditor of the change; and every postmaster and his sureties shall be responsible under their bond for the safe-keeping of the public property of the post-office, and the due performance of the duties thereof, until the expiration of the commission, or until a successor has been duly appointed and qualified, and has taken possession of the office; except that in cases where there is a delay of sixty days in supplying a vacancy, the sureties may terminate their responsibility by giving notice, in writing, to the Postmaster-General, such termination to take effect ten days after sufficient time shall have elapsed to receive a reply from the Postmaster-General; and the Postmaster-General may, when the exigencies of the service require, place such office in charge of a special agent (post-office inspector) until the vacancy can be regularly filled; and when such special agent shall have taken charge of such post-office, the liability of the sureties of the postmaster shall cease.

Approved June 8, 1872.

Release of sureties and renewal of postmasters' bonds.
R. S., § 3837.
Sureties released from acceptance of new bonds.

Whenever any of the sureties of a postmaster notify the Postmaster-General of their desire to be released from their suretyship, or when the Postmaster-General deems a new bond necessary, he shall require the postmaster to execute such new bond, with security. When accepted by the Postmaster-General, the new bond shall be as valid as the bond given upon the original appointment of such postmaster, and the sureties in the prior bond shall be released from responsibility for all acts or defaults of the postmaster which may be done or committed subsequent to the last day of the quarter in which such new bond shall be executed and accepted.

Approved June 8, 1872.

Limitations in suits.
—on postmasters' bonds, three years.
R. S., § 3838.

If on the settlement of the account of any postmaster it shall appear that he is indebted to the United States, and suit therefor shall not be instituted within three years after the close of such account, the sureties on his bond shall not be liable for such indebtedness.

Approved June 8, 1872.

Post-offices to be open as directed by Postmaster-General.
R. S., § 3839.

Every postmaster shall keep an office in which one or more persons shall be on duty during such hours of each day as the Postmaster-General may direct, for the purpose of receiving, delivering, making up, and forwarding all mail matter received thereat.

Approved June 8, 1872.

Time for closing mails.
R. S., § 3840.

All letters brought to any post-office half an hour before the time for the departure of the mail shall be forwarded therein; but at offices where, in the opinion of the Postmaster-General, more time for making up the mail is required, he may prescribe accordingly, not exceeding one hour.

Approved June 8, 1872.

Registers of arrivals and departures.
R. S., § 3841.
Reports, how made.

The Postmaster-General shall furnish to the postmasters at the termination of each route a schedule of the time of arrival and departure of the mail at their offices, respectively, to be posted in a conspicuous place in the office; and he shall also give them notice of any change in the arrival and departure that may be ordered; and he shall cause

to be kept and returned to the Department, at short and regular intervals, registers, showing the exact times of the arrivals and departures of the mail.

Approved June 8, 1872.

Records at post-offices. R. S., § 3842. —of stamps. —of supplies, etc. —of receipts. —of expenditures. —to be preserved.

Every postmaster shall keep a record, in such form as the Postmaster-General shall direct, of all postage stamps, envelopes, postal books, blanks, and property received from his predecessor, or from the Department or any of its agents; of all receipts in money for postages and box rents, and of all other receipts on account of the postal service, and of any other transactions which may be required by the Postmaster-General; and these records shall be preserved and delivered to his successor, and shall be at all times subject to examination by any special agent of the Department (post-office inspector).

Approved June 8, 1872.

Quarterly return of accounts. R. S., § 3843. —to be rendered.

Every postmaster shall render to the Postmaster-General, under oath, and in such form as the latter shall prescribe, a quarterly account of all moneys received or charged by him or at his office, for postage, rent of boxes or other receptacles for mail matter, or by reason of keeping a branch office, or for the delivery of mail matter in any manner whatever.

Approved June 8, 1872.

Quarterly accounts to be sworn to. R. S., § 3844.

The Postmaster-General may require a sworn statement to accompany each quarterly account of a postmaster, to the effect that such account contains a true statement of the entire amount of postage, box rents, charges, and moneys collected or received at his office during the quarter; that he has not knowingly delivered, or permitted to be delivered, any mail matter on which the postage was not at the time paid; that such account exhibits truly and faithfully the entire receipts collected at his office, and which, by due diligence, could have been collected; and that the credits he claims are just and right.

Approved June 8, 1872.

Neglect to render accounts. R. S., § 3845. —postmasters may be removed for. —penalty upon bond for.

Whenever any postmaster neglects to render his accounts for one month after the time, and in the form and manner prescribed by law and the regulations of the Postmaster-General, he and his sureties shall forfeit and pay double the amount of the gross receipts at such office during any previous or subsequent equal period of time; and if, at the time of trial, no account has been rendered, they shall be liable to a penalty of such sum as the court and jury shall estimate to be equivalent thereto, to be recovered in an action on the bond.

Approved June 8, 1872.

Money to be safely kept. R. S., § 3846. See R. S., § 3847. —until ordered to be transferred or paid out.

Postmasters shall keep safely, without loaning, using, depositing in an unauthorized bank, or exchanging for other funds, all the public money collected by them, or which may come into their possession, until it is ordered by the Postmaster-General to be transferred or paid out.

Approved June 8, 1872.

Deposits of surplus revenue and other money. R. S., § 3848. See R. S., § 3615. —at cities where treasurer, etc.

The postmaster at Washington, and postmasters at cities where there is an assistant treasurer, shall deposit the postal revenues, and all money accruing at their offices, with such assistant treasurer, as often as once a week at least, and as much oftener as the Postmaster-General may direct.

Approved June 8, 1872.

Delinquencies. R. S., § 3849. —report of.

Every postmaster shall promptly report to the Postmaster-General every delinquency, neglect, or malpractice of the contractors, their agents, or carriers, which comes to his knowledge.

Approved June 8, 1872.

Postmasters and employees not to be contractors. R. S., § 3850.

No postmaster, assistant postmaster, or clerk employed in any post-office shall be a contractor or concerned in any contract for carrying the mail.

Approved June 8, 1872.

Postmasters not to act as lottery agents. R. S., § 3851. —penalty.

No postmaster shall act as agent for any lottery office, or, under any color of purchase or otherwise, vend lottery tickets; nor shall he receive or send any lottery scheme, circular, or ticket free of postage. For any violation of this section the offender shall be liable to a penalty of fifty dollars.

Approved June 8, 1872.

Postmasters not to retain more than salary or compensation and commissions allowed. R. S., § 3857.

No postmaster shall, under any pretense whatever, have, receive, or retain for himself, in the aggregate, more than the amount of his salary and his commission on the money-order business. * * *

Approved June 8, 1872.

Employees forbidden to receive fees from public. R. S., § 3858.

No person employed in the postal service shall receive any fees or perquisites on account of the duties to be performed by virtue of his appointment.

Approved June 8, 1872.

Deduction of salaries and expenses from receipts. R. S., § 3861. —to be under direction of Postmaster-General.

The salary of a postmaster and such other expenses of the postal service authorized by law as may be incurred by him, and for which appropriations have been made, may be deducted out of the receipts of his office, under the direction of the Postmaster-General.

Approved June 8, 1872.

Vouchers for expenditures. R. S., § 3862. —to be submitted to Auditor.

Vouchers for all deductions made by a postmaster out of the receipts of his office, on account of the expenses of the postal service, shall be submitted for examination and settlement to the Sixth Auditor, and no such deduction shall be valid unless found to be in conformity with law.

Approved June 8, 1872.

Allowances for clerical assistance where unusual business accrues. R. S., § 3863.

Whenever unusual business accrues at any post-office, the Postmaster-General shall make a special order allowing reasonable compensation for clerical service and a proportionate increase of salary to the postmaster during the time of such extraordinary business.

Approved June 8, 1872.

Discontinuance of post-offices. R. S., § 3864. —to be certified to Auditor.

The Postmaster-General may discontinue any post-office where the safety and security of the postal service and revenues are endangered from any cause whatever, or where the efficiency of the service requires such discontinuance, and he shall promptly certify such discontinuance to the Sixth Auditor.

Approved June 8, 1872.

Uniforms of carriers. R. S., § 3867. —penalty for wearing unlawfully.

The Postmaster-General may prescribe a uniform dress to be worn by letter carriers, and any person not connected with the letter-carrier branch of the postal service who shall wear the uniform which may be prescribed shall for every such offense be punishable by a fine of not more than one hundred dollars, or by imprisonment for not more than six months, or both.

Approved June 8, 1872.

Street letter boxes. R. S., § 3868.

The Postmaster-General may establish, in places where letter carriers are employed, and in other places where, in his judgment, the public convenience requires it, receiving boxes for the deposit of mail matter, and shall cause the matter deposited therein to be collected as often as public convenience may require.

Approved June 8, 1872.

Every person who willfully and maliciously injures, tears down, or destroys any letter box, pillar box, or other receptacle established by the Postmaster-General for the safe deposit of matter for the mail or for delivery, or who willfully and maliciously assaults any letter carrier, when in uniform, while engaged on his route in the discharge of his duty as a letter carrier, and every person who willfully aids or assists therein, shall for every such offense be punishable by a fine of not less than one hundred dollars, and not more than one thousand, or by imprisonment for not less than one year and not more than three.

Approved June 8, 1872.

Injuring letter boxes and assaulting carriers.
R. S., § 3869.
—penalty.

Every letter carrier shall give bonds, with sureties, to be approved by the Postmaster-General, for the safe custody and delivery of all mail matter, and the faithful account and payment of all money received by him.

Approved June 8, 1872.

Bonds of letter carriers.
R. S., § 3870.

The Postmaster-General, when the public convenience requires it, may establish within any post-office delivery one or more branch offices for the receipt and delivery of mail matter and the sale of stamps and envelopes; and he shall prescribe the rules and regulations for the government thereof. But no letter shall be sent for delivery to any branch office contrary to the request of the party to whom it is addressed.

Approved June 8, 1872.

Branch post-offices.
R. S., § 3871.
—may be established, when.

No extra postage or carriers' fees shall be charged or collected upon any mail matter collected or delivered by carriers.

Approved June 8, 1872.

Extra postage or carriers' fees prohibited.
R. S., § 3873.

All expenses of letter carriers, branch offices, and receiving boxes, or incident thereto, shall be kept and reported in a separate account, and shall be shown in comparison with the proceeds from postage on local mail matter at each office, and the Postmaster-General shall be guided in the expenditures for this branch of the service by the income derived therefrom.

Approved June 8, 1872.

Expenses of carriers and branch offices.
R. S., § 3874.

Mailable matter shall be divided into three classes:
First. Letters.
Second. Regular printed matter.
Third. Miscellaneous matter.

Approved June 8, 1872.

Mail matter, division of.
R. S., § 3875.

Mailable matter of the first class shall embrace all correspondence, wholly or partly in writing, except book manuscripts and corrected proof sheets passing between authors and publishers.

Approved June 8, 1872.

Mail matter, first class.
R. S., § 3876.

The Postmaster-General shall furnish to the post-offices exchanging mails with foreign countries, and to such other offices as he may deem expedient, postal balances denominated in grams of the metric system, fifteen grams of which shall be the equivalent, for postal purposes, of one-half ounce avoirdupois, and so on in progression.

Approved June 8, 1872.

Metric postal balances.
R. S., § 3880.
—to be furnished exchange offices.

The Postmaster-General may prescribe by regulation the manner of wrapping and securing for the mails all matter not charged with letter postage, so that it may be conveniently examined by postmasters; and if not so wrapped and secured, it shall be subject to letter postage.

Approved June 8, 1872.

Wrapping of mail matter.
R. S., § 3881.

Postmasters at the office of delivery may remove the wrappers and envelopes from mail matter not charged with letter postage, when it can be done without destroying them, for the purpose of ascertaining whether there is upon or connected with any such matter anything which would authorize or require the charge of a higher rate of postage thereon.

Approved June 8, 1872.

Rating up postage and search for matter improperly rated.
R. S., § 3882.

Wrapping and folding of publications, etc. R. S., § 3883.

No newspapers shall be received to be conveyed by mail unless they are sufficiently dried and inclosed in proper wrappers.

Approved June 8, 1872.

Publisher to be notified when matter is refused. R. S., § 3885.

Postmasters shall notify the publisher of any newspaper, or other periodical, when any subscriber shall refuse to take the same from the office, or neglect to call for it for the period of one month.

Approved June 8, 1872.

Writing inclosed in matter of lower class. R. S., § 3887.

—penalty.

—exception.

Any person who shall inclose or conceal any letter, memorandum, or other thing in any mail matter not charged with letter postage, or make any writing or memorandum thereon, or deposit or cause the same to be deposited for conveyance by mail at a less rate than letter postage, shall, for every such offense, be liable to a penalty of five dollars; and such mail matter or inclosure shall not be delivered until the postage is paid thereon at letter rates. But no extra postage shall be charged for a card printed or impressed upon an envelope or wrapper.

Approved June 8, 1872.

Newspapers may be carried out of the mail. R. S., § 3888.

Contractors or mail carriers may convey, out of the mail, newspapers for sale or distribution to subscribers.

Approved June 8, 1872.

Second-class matter. R. S., § 3889.

—Postmaster-General may provide for receipt and delivery of, by postal clerks.

The Postmaster-General may provide by order the terms upon which railway postal clerks may receive from publishers or any news agents in charge thereof, and deliver the same as directed, if presented and called for at the mail car or steamer, packages of newspapers and other periodicals not received from or intended for delivery at any post-office.

Approved June 8, 1872.

Unlawful detention of mail matter by postmasters. R. S., § 3890.

—penalty.

Any postmaster who shall unlawfully detain in his office any letter or other mail matter, the posting of which is not prohibited by law, with intent to prevent the arrival and delivery of the same to the person to whom it is addressed, shall be punishable by a fine of not more than five hundred dollars, and by imprisonment for not more than six months, and he shall be forever thereafter incapable of holding the office of postmaster.

Approved June 8, 1872.

Detaining, opening, or destroying of letters by persons in postal service. R. S., § 3891.

—penalty.

Any person employed in any department of the postal service, who shall unlawfully detain, delay, or open any letter, packet, bag, or mail of letters intrusted to him, or which has come into his possession, and which was intended to be conveyed by mail, or carried or delivered by any mail carrier, mail messenger, route agent, letter carrier, or other person employed in any department of the postal service, or forwarded through or delivered from any post-office or branch post-office established by authority of the Postmaster-General; or who shall secrete, embezzle, or destroy any such letter, packet, bag, or mail of letters, although it does not contain any security for or assurance relating to money or other thing of value, shall be punishable by a fine of not more than five hundred dollars, or by imprisonment for not more than one year, or by both.

Approved June 8, 1872.

Intercepting or secreting letters. R. S., § 3892.

Prying into secrets or obstructing correspondence of another, etc. —penalty.

Any person who shall take any letter, postal card, or packet, although it does not contain any article of value or evidence thereof, out of a post-office or branch post-office, or from a letter or mail carrier, or which has been in any post-office or branch post-office or in the custody of any letter or mail carrier, before it has been delivered to the person to whom it was directed, with a design to obstruct the correspondence, or to pry into the business or secrets of another, or shall secrete, embezzle, or destroy the same, shall, for every such offense, be punishable by a fine of not more than five hundred dollars or by imprisonment at hard labor for not more than one year, or by both.

Approved June 8, 1872.

All letters, packets, or other matter which may be seized or detained for violation of law shall be returned to the owner or sender of the same, or otherwise disposed of as the Postmaster-General may direct.

Seized or detained matter. R. S., § 3895.

Approved June 8, 1872.

Postage on all mail matter must be prepaid by stamps at the time of mailing, unless herein otherwise provided for.

Prepayment of postage. R. S., § 3896.

Approved June 8, 1872.

All mail matter deposited for mailing on which one full rate of postage has been paid as required by law, shall be forwarded to its destination, charged with any portion of the proper postage which may be unpaid, to be collected on delivery. But if any mail matter, on which by law the postage is required to be prepaid at the mailing office, shall by inadvertance reach its destination without any prepayment, double the prepaid rates shall be charged and collected on delivery.

R. S., § 3898.

Approved June 8, 1872.

If any postmaster, or other person authorized by the Postmaster-General to receive the postage of letters, shall fraudulently demand or receive any rate of postage, or gratuity, or reward, other than is provided by this act (June 8, 1872, ch. 335; 17 Stat. L., 283), for the postage of letters or packets, he shall be punishable by a fine of one hundred dollars.

Demand or receipt of unlawful postage. R. S., § 3899. —penalty.

Approved June 8, 1872.

No matter shall be delivered until the postage due thereon has been paid.

Collection of postage due. R. S., § 3900.

Approved June 8, 1872.

No box at any post-office shall be assigned to the use of any person until the rent thereof has been paid for at least one quarter in advance, for which the postmaster shall give a receipt.

Rent of boxes. R. S., § 3901.

Approved June 8, 1872.

The Postmaster-General may provide by regulations for transmitting unpaid and duly certified letters of soldiers, sailors, and marines in the service of the United States to their destination.

Letters of soldiers, transmitted unpaid. R. S., § 3902.

Approved June 8, 1872.

Letters commonly known as drop or local letters, delivered through the post-office or its carriers, shall be charged with postage at the rate of two cents where the system of free delivery is established, and one cent where such system is not established, for each half ounce or fraction thereof.

Drop letters, rate of postage on. R. S., § 3904.

Approved June 8, 1872.

The Postmaster-General may provide by regulations for carrying small newspapers, issued less frequently than once a week, in packages to one address, from a known office of publication to regular subscribers, at the rate of one cent for each four ounces or fraction thereof.

Newspapers, rate of postage on certain. R. S., § 3907.

Approved June 8, 1872.

Persons known as regular dealers in newspapers and periodicals may receive and transmit by mail such quantities of either as they may require, and pay the postage thereon as received, at the same rates pro rata as regular subscribers to such publications who pay quarterly in advance.

Newspapers, postage required of regular dealers on. R. S., § 3908.

Approved June 8, 1872.

On mailable matter of the third class, except as herein stated, postage shall be charged at the rate of one cent for each two ounces or fraction thereof. Double these rates shall be charged for books, samples of metals, ores, minerals, and merchandise.

Third-class matter, rate of postage on. R. S., § 3910.

Approved June 8, 1872.

Rates of postage to foreign countries not in Postal Union. R. S., § 3912. —may be reduced by P. M. Genl.

The rate of United States postage on mail matter sent to or received from foreign countries with which different rates have not been established by postal convention or other arrangement, when forwarded by vessels regularly employed in transporting the mail, shall be ten cents for each half ounce or fraction thereof on letters, unless reduced by order of the Postmaster-General; two cents each on newspapers, and not exceeding two cents per each two ounces, or fraction thereof, on pamphlets, periodicals, books, and other printed matter, which postage shall be prepaid on matter sent and collected on matter received; and to avoid loss to the United States in the payment of balances, the Postmaster-General may collect the unpaid postage on letters from foreign countries in coin or its equivalent.

Approved June 8, 1872.

Double postage on ship letters. R. S., § 3913.

All letters conveyed by vessels not regularly employed in carrying the mail shall, if for delivery within the United States, be charged with double postage, to cover the fee paid to the vessel.

Approved June 8, 1872.

Postmaster-General to prepare stamps. R. S., § 3914.

The Postmaster-General shall prepare postage stamps of suitable denominations, which, when attached to mail matter, shall be evidence of the payment of the postage thereon.

Approved June 8, 1872.

Stamped envelopes, etc. R. S., § 3915. 1876, July 12, ch. 179, § 14, 1 Supp., 110; 1895, Jan. 12, ch. 23, § 96, 2 Supp., 364. —Postmaster-General to provide. —to be sold at cost. —not to contain printing, except.

The Postmaster-General shall provide suitable letter and newspaper envelopes, with such watermarks or other guards against counterfeits as he may deem expedient, and with postage stamps with such device and of such suitable denominations as he may direct impressed thereon; and such envelopes shall be known as "stamped envelopes," and shall be sold as nearly as may be at the cost of procuring them, with the addition of the value of the postage stamps impressed thereon; but no stamped envelope furnished by the Government shall contain any lithographing or engraving, nor any printing except a printed request to return the letter to the writer. Letters and papers inclosed in such stamped envelopes shall, if the postage stamp is of a denomination sufficient to cover the postage properly chargeable thereon, pass in the mail as prepaid matter.

Approved June 8, 1872.

Postal cards. R. S., § 3916. Postmaster-General shall furnish. —to be sold at one cent apiece.

To facilitate letter correspondence, and to provide for the transmission in the mails, at a reduced rate of postage, of messages, orders, notices, and other short communications, either printed or written in pencil or ink, the Postmaster-General is authorized and directed to furnish and issue to the public, with postage stamps impressed upon them, "postal cards," manufactured of good stiff paper, of such quality, form, and size as he shall deem best adapted for general use; which cards shall be used as a means of postal intercourse, under rules and regulations to be prescribed by the Postmaster-General, and when so used shall be transmitted through the mails at a postage charge of one cent each, including the cost of their manufacture.

Approved June 8, 1872.

Postmaster-General may adopt improvements in stamps and stamped envelopes. R. S., § 3917.

The Postmaster-General may, from time to time, adopt such improvements in postage stamps and stamped envelopes as he may deem advisable; and when any such improvement is adopted it shall be subject to all the provisions herein respecting postage stamps or stamped envelopes.

Approved June 8, 1872.

Postage stamps and stamped envelopes. R. S., § 3918. See R. S., § 3919. —to be furnished —kept for sale —all offices.

Postage stamps and stamped envelopes shall be furnished by the Postmaster-General to all postmasters, and shall be kept for sale at all post-offices; and each postmaster shall be held accountable for all such stamps and envelopes furnished to him.

Approved June 8, 1872.

Stamps to be defaced.
R. S., § 3921.

Postage stamps affixed to all mail matter or the stamped envelopes in which the same is inclosed shall, when deposited for mailing or delivery, be defaced by the postmaster at the mailing office, in such manner as the Postmaster-General may direct; and if any mail matter shall be forwarded without the stamps or envelopes being so defaced, the postmaster at the office of delivery shall deface them, and report the delinquent postmaster to the Postmaster-General.

Report of delinquent postmasters.

Approved June 8, 1872.

Unlawful removal of stamps by persons in postal service.
R. S., § 3922.
—penalty.

Any person employed in any branch of the postal service who shall willfully and unlawfully remove from any mail matter any postage stamp affixed thereto in payment of the postage, shall be punishable by a fine of not more than one hundred dollars, or by imprisonment for not more than six months.

Approved June 8, 1872.

Use, for postage, of stamps which have been before used.
R. S., § 3923.
—penalty.

Any person who shall use or attempt to use, in payment of the postage on any mail matter conveyed by mail or otherwise, any postage stamp or stamped envelope, or any stamp cut from any such stamped envelope, which has been before used for a like purpose, shall be liable to a penalty of fifty dollars.

Approved June 8, 1872.

Use, by persons in postal service, for postage of stamps which have been before used.
R. S., § 3924.

Removal of canceling marks, etc.

—penalty.

If any person employed in any department of the Post-Office establishment of the United States shall willfully and knowingly use, or cause to be used, in prepayment of postage, any postage stamp, postal cards or stamped envelope issued, or which may hereafter be issued, by authority of any act of Congress, or of the Postmaster-General, which has already been once used for a like purpose, or shall remove, or attempt to remove, the canceling or defacing marks from any such postage stamp, or stamped envelope, or postal card, with intent to use or cause the use of the same a second time, or to sell, or offer to sell, the same, or shall remove from letters or other mail matter deposited in or received at a post-office the stamps attached to the same in payment of postage, with intent to use the same a second time for a like purpose, or to sell, or offer to sell, the same, every such offender shall be deemed guilty of felony, and shall be imprisoned for not less than one year nor more than three years.

Approved June 8, 1872.

Use, for postage, of stamps which have been before used, and removal of canceling marks, etc.
R. S., § 3925.
—penalty.

If any person, although not employed in any department of the Post-Office establishment of the United States, shall commit any of the offenses described in the preceding section (R. S., § 3924), every such person shall be deemed guilty of a misdemeanor and be punishable by imprisonment for not less than six months nor more than one year, or by a fine of not less than one hundred dollars nor more than five hundred dollars for each offense, or by both.

Approved June 8, 1872.

Establishment of system of registration.
R. S., § 3926.

For the greater security of valuable mail matter the Postmaster-General may establish a uniform system of registration. But the Post-Office Department or its revenue shall not be liable for the loss of any mail matter on account of its having been registered.

Approved June 8, 1872.

Registration of mail matter.
R. S., § 3927.
—on application of party mailing same.
—fee for.
Free registration.
—official postal matter.

Mail matter shall be registered only on the application of the party posting the same, and the fee therefor shall not exceed twenty cents in addition to the regular postage, to be in all cases prepaid; and all such fees shall be accounted for in such manner as the Postmaster-General shall direct. But letters upon the official business of the Post-Office Department which require registering shall be registered free of charge and pass through the mails free of charge.

Approved June 8, 1872.

Return receipt. R. S., § 3928. —to be taken from addressee. —prima facie evidence of delivery.

A receipt shall be taken upon the delivery of any registered mail matter, showing to whom and when the same was delivered, which shall be returned to the sender, and be received in the courts as prima facie evidence of such delivery.

Approved June 8, 1872.

Registered letters to lotteries, etc., may be returned. R. S., § 3929.

The Postmaster-General may, upon evidence satisfactory to him that any person is engaged in conducting a fraudulent lottery, gift enterprise, or scheme for the distribution of money or of any real or personal property by lot, chance, or drawing of any kind, or in conducting any other scheme or device for obtaining money through the mails by means of false or fraudulent pretenses, representations, or promises, instruct postmasters at any post-office at which registered letters arrive directed to any such person to return all such registered letters to the postmasters at the offices at which they were originally mailed, with the word "fraudulent" plainly written or stamped upon the outside of such letters; and all such letters so returned to such postmasters shall be by them returned to the writers thereof, under such regulations as the Postmaster-General may prescribe. But nothing contained in this title shall be so construed as to authorize any postmaster or other person to open any letter not addressed to himself.

Approved June 8, 1872.

Advertising of nondelivered letters. R. S., § 3930. —in daily or weekly newspapers. —frequency of publication.

The Postmaster-General may direct the publication of the list of nondelivered letters at any post-office by written list posted in some public place, or, when he shall deem it for the public interest, he may direct the publication of such list in the daily or weekly newspaper regularly published within the post-office delivery which has the largest circulation within such delivery; and where no daily paper is published within the post-office delivery, such list may be published in the daily newspaper of any adjoining delivery having the largest circulation within the delivery of the post-office publishing the list; and in case of dispute as to the circulation of competing newspapers, the postmaster shall receive evidence and decide upon the fact. Such list shall be published as frequently as the Postmaster-General may deem proper, but not oftener than once a week.

Approved June 8, 1872.

Advertising foreign letters. R. S., § 3931.

The list of nondelivered letters addressed to foreign-born persons may be published in a newspaper printed in the language most used by them, which shall be selected in the manner prescribed in the preceding section (R. S., § 3930).

Approved June 8, 1872.

Free registration of United States currency for redemption and new currency for currency redeemed. R. S., § 3932.

Under such regulations as the Postmaster-General may prescribe, all postmasters are authorized to register in the manner prescribed by law, but without payment of any registration fee, all letters containing fractional or other currency of the United States, which shall be by them sent by mail to the Treasurer of the United States for redemption; and the postmaster at the city of Washington, in the District of Columbia, shall register in like manner, without charge, all letters containing new currency returned for currency redeemed, which shall be received by him from the Treasurer, in sealed packages, marked with the word "register" over the official signature of the said Treasurer.

Approved June 8, 1872.

Posting list of advertised matter. R. S., § 3933.

Every postmaster shall post, in a conspicuous place in his office, a copy of each list of nondelivered letters immediately after its publication.

Approved June 8, 1872.

Compensation for advertising. R. S., § 3934. —letters.

The compensation for publishing the list of nondelivered letters shall in no case exceed one cent for each letter so published.

Approved June 8, 1872.

Charge on advertised matter. R. S., § 3935. —one cent in addition to postage.

All letters published as nondelivered shall be charged with one cent in addition to the regular postage, to be accounted for as part of the postal revenue.

Approved June 8, 1872.

Detention of undelivered matter and return to Dead-Letter Office. R. S., § 3936.

The Postmaster-General may regulate the period during which undelivered letters shall remain in any post-office, and when they shall be returned to the Dead-Letter Office; and he may make regulations for their return from the Dead-Letter Office to the writers when they can not be delivered to the parties addressed.

Approved June 8, 1872.

Unpaid letter. R. S., § 3937. —to be sent to Dead-Letter Office, except.

All domestic letters deposited in any post-office for mailing, on which the postage is wholly unpaid or paid less than one full rate as required by law, except letters lawfully free and duly certified letters of soldiers, sailors, and marines in the service of the United States, shall be sent by the postmaster to the Dead-Letter Office in Washington. * * *

Insufficiently prepaid drop letters. R. S., § 3937. —to be forwarded when.

But in large cities and adjacent districts of dense population, having two or more post-offices within a distance of three miles of each other, any letter mailed at one of such offices and addressed to a locality within the delivery of another of such offices, which shall have been inadvertently prepaid at the drop or local letter rate of postage only, may be forwarded to its destination through the proper office, charged with the amount of the deficient postage, to be collected on delivery.

Approved June 8, 1872.

Dead letters containing valuable inclosures. R. S., § 3938. —record of. —disposition of. —proceeds may be reclaimed in 4 years. Letters of importance to writer to be disposed of as directed.

Dead letters containing valauble inclosures shall be registered in the Dead-Letter Office; and when they can not be delivered to the party addressed nor to the writer, the contents thereof shall be disposed of, and a careful account shall be kept of the amount realized in each case, which shall be subject to reclamation by either the party addressed or the sender for four years from the registry thereof; and all other letters of value or of importance to the party addressed or to the writer, and which can not be returned to either, shall be disposed of as the Postmaster-General may direct.

Approved June 8, 1872.

Return request letters. R. S., § 3939. —not to be advertised.

When the writer of any letter on which the postage is prepaid shall indorse upon the outside thereof his name and address, such letters shall not be advertised, but after remaining uncalled for at the office to which it is directed thirty days, or the time the writer may direct, shall be returned to him without additional charge for postage, and if not then delivered shall be treated as a dead letter.

Approved June 8, 1872.

Forwarding of mail matter. R. S., § 3940.

Prepaid letters shall be forwarded from one post-office to another, at the request of the party addressed, without additional charge for postage.

Approved June 8, 1872.

Postmaster-General may contract without advertising. R. S., § 3942.

The Postmaster-General may enter into contracts for carrying the mail, with railway companies, without advertising for bids therefor.

Approved June 8, 1872.

Delivery and opening of proposals. R. S., § 3944. Before whom opened. Withdrawal of proposals.

Proposals for carrying the mail shall be delivered sealed, and so kept until the bidding is closed, and shall then be opened and marked in the presence of the Postmaster-General, and one of the Assistant Postmasters-General, or of two of the Assistant Postmasters-General, or of any other two officers of the Department, to be designated by the Postmaster-General; and any bidder may withdraw his bid at any time before twenty-four hours previous to the time fixed for the opening of proposals, by serving upon the Postmaster-General, or the Second Assistant Postmaster-General, notice in writing of such withdrawal.

Approved June 8, 1872.

Bids to be recorded and preserved.
R. S., § 3948.

The Postmaster-General shall have recorded, in a book to be kept for that purpose, a true and faithful abstract of all proposals made to him for carrying the mail, giving the name of the party offering, the terms of the offer, the sum to be paid, and the time the contract is to continue; and he shall put on file and preserve the original of all such proposals.

Approved June 8, 1872.

Contracts in name of United States.
R. S., § 3949.
Award to lowest bidder, except.

All contracts for carrying the mail shall be in the name of the United States, and shall be awarded to the lowest bidder tendering sufficient guarantees for faithful performance, without other reference to the mode of transportation than may be necessary to provide for the due celerity, certainty, and security thereof; but the Postmaster-General shall not be bound to consider the bid of any person who has willfully or negligently failed to perform a former contract.

Approved June 8, 1872.

Combinations to prevent bidding.
R. S., § 3950.
—contracts not to be made with persons entering.
—penalty for.

No contract for carrying the mail shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bid for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract; and if any person so offending is a contractor for carrying the mail, his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for five years, and for the second offense shall be forever disqualified.

Approved June 8, 1872.

New sureties on mail contracts.
R. S., § 3955.

The Postmaster-General, whenever he may deem it consistent with the public interest, may accept new surety upon any contract existing or hereafter made for carrying the mails, in substitution for and release of any existing surety.

Approved June 8, 1872.

Contracts limited to four years.
R. S., § 3956.

No contract for carrying the mail shall be made for a longer term than four years, and no contract for carrying the mail on the sea shall be made for a longer term than two years.

Approved June 8, 1872.

Change in terms of contracts.
R. S., § 3958.
—how effected.

Whenever it becomes necessary to change the terms of an existing contract for carrying the mail otherwise than as provided in the preceding section (R. S., § 3957), notice thereof shall be given and proceedings had thereon the same as at the letting of original contracts.

Approved June 8, 1872.

Payment on contracts.
R. S. § 3959.
—not to be made until contract is executed.

No person whose bid for carrying the mail is accepted shall receive any pay until he has executed his contract according to law and the regulations of the Department.

Approved June 8, 1872.

Additional service, carrying mail.
R. S., § 3960.
—compensation for.
—no compensation for, until ordered.

Compensation for additional service in carrying the mail shall not be in excess of the exact proportion which the original compensation bears to the original service; and when any such additional service is ordered, the sum to be allowed therefor shall be expressed in the order, and entered upon the books of the Department; and no compensation shall be paid for any additional regular service rendered before the issuing of such order.

Approved June 8, 1872.

Expedition of service.
R. S., § 3961.
—when authorized.
—compensation for.

No extra allowance shall be made for any increase of expedition in carrying the mail unless thereby the employment of additional stock and carriers is made necessary, and in such case the additional compensation shall bear no greater proportion to the additional stock and carriers necessarily employed than the compensation in the original contract bears to the stock and carriers necessarily employed in its execution.

Approved June 8, 1872.

Deductions and fines for failures and delinquencies.
R. S., § 3962.
—authority for.

The Postmaster-General may make deductions from the pay of contractors, for failures to perform service according to contract, and impose fines upon them for other delinquencies. He may deduct the price of the trip in all cases where the trip is not performed; and not exceeding three times the price if the failure be occasioned by the fault of the contractor or carrier.

Approved June 8, 1872.

Assignment of contracts prohibited.
R. S., § 3963.

No contractor for transporting the mails within or between the United States and any foreign country shall assign or transfer his contract, and all such assignments or transfers shall be null and void.

Approved June 8, 1872.

Post-roads.
R. S., § 3964.
—waters of United States.
—railroads.
—canals.
—plank roads.
—roads to court-houses, etc.
—letter-carrier routes.

The following are established post-roads:

All the waters of the United States, during the time the mail is carried thereon.

All railroads or parts of railroads which are now or hereafter may be in operation.

All canals, during the time the mail is carried thereon.

All plank roads, during the time the mail is carried thereon.

The road on which the mail is carried to supply any court-house which may be without a mail, and the road on which the mail is carried under contract made by the Postmaster-General for extending the line of posts to supply mails to post-offices not on any established route, during the time such mail is carried thereon.

All letter-carrier routes established in any city or town for the collection and delivery of mail matters.

Approved June 8, 1872.

Postmaster-General to provide for carrying mail on post-roads.
R. S., § 3965.

The Postmaster-General shall provide for carrying the mail on all post-roads established by law, as often as he, having due regard to productiveness and other circumstances, may think proper.

Approved June 8, 1872.

County seats to be supplied with mail.
R. S. § 3966.

The Postmaster-General shall cause a mail to be carried from the nearest post-office on any established post-road to the court-house of any county in the United States which is without a mail.

Approved June 8, 1872.

Carrying the mail on canals.
R. S., § 3967.
—contracts.

The Postmaster-General may contract for carrying the mail on the navigable canals of the several States, when, in his opinion, the public interest or convenience requires it.

Approved June 8, 1872.

Carrying the mail on plank roads.
R. S., § 3968.
—contracts for.

The Postmaster-General may contract for carrying the mail on any plank road in the United States when the public interest or convenience requires it.

Approved June 8, 1872.

Carriage of mails by steamboat or vessel.
R. S., § 3969.

The Postmaster-General may cause the mail to be carried in any steamboat or other vessel used as a packet on any of the waters of the United States.

Approved June 8, 1872.

Mail service in steamships between United States ports.
R. S., § 3970.
—contracts for.

The Postmaster-General may, if he deem it for the public interest, make contracts for any period not exceeding one year, for carrying the mails in steamships between any of the ports of the United States.

Approved June 8, 1872.

Temporary mails to offices not on established routes.
R. S., § 3971.
Compensation to carriers.

The Postmaster-General may enter into contracts for extending the line of posts to supply mails to post-offices not on any established route, and, as a compensation for carrying the mail under such contracts, may allow not exceeding two-thirds of the salary paid to the postmaster at such special offices.

Approved June 8, 1872.

Change of terminus of post-roads. R. S., § 3973.

The Postmaster-General may change the terminus of post-roads connecting with or intersecting railways when the service can be hereby improved.

Approved June 8, 1872.

Discontinuance of service on any road. R. S., § 3974.

Whenever, in the opinion of the Postmaster-General, the postal service can not be safely continued, the revenues collected, or the laws maintained on any post-road, he may discontinue the service on such road or any part thereof until the same can be safely restored.

Approved June 8, 1872.

Contracts for transportation of mail to and from post-offices. R. S., § 3975.

The Postmaster-General may, when he deems it advisable, contract for the transportation of the mails to and from any post-office; but where such service is performed over a route not established by law, he shall report the same to Congress at its meeting next thereafter, and such service shall cease at the end of the next session of Congress, unless such route is established a post-route by Congress.

Approved June 8, 1872.

Letters on steamboats. R. S., § 3977. —promptness in delivery of. —compensation for carriage of. —penalty for failure to deliver.

The master of any steamboat passing between ports or places in the United States, and arriving at any such port or place where there is a post-office, shall deliver to the postmaster, within three hours after his arrival, if in the daytime, and if at night, within two hours after the next sunrise, all letters and packets brought by him, or within his power or control and not relating to the cargo, addressed to or destined for such port or place, for which he shall receive from the postmaster two cents for each letter or packet so delivered, unless the same is carried under a contract for carrying the mail; and for every failure to so deliver such letters and packets, the master or owner of the steamboat shall be liable to a penalty of one hundred and fifty dollars.

Approved June 8, 1872.

Compensation for carriage of ship letters. R. S., § 3978.

The Postmaster-General may pay, to the master or owner of any vessel not regularly employed in carrying the mail, two cents for each letter carried by such vessel between ports or places in the United States, or from any foreign port to any port in the United States; but all such letters shall be deposited in the post-office at the port of arrival.

Approved June 8, 1872.

Printing upon vessels, vehicles, etc., "United States mail." R. S., § 3979. Unlawful publication that vessel or vehicle is used in transporting mail. —penalty.

Any person who shall paint, print, or in any manner place upon or attach to any steamboat or other vessel, or any stagecoach or other vehicle, not actually used in carrying the mail, the words "United States mail," or any words, letters, or characters of like import; or any person who shall give notice, by publishing in any newspaper or otherwise, that any steamboat or other vessel, or any stage-coach or other vehicle, is used in carrying the mail, when the same is not actually so used; or any person willfully aiding or abetting therein, shall, for every such offense, be punishable by a fine of not less than one hundred dollars nor more than five hundred dollars.

Approved June 8, 1872.

Carriers to receive and deposit properly prepaid matter presented to them. R. S., § 3980.

Every route agent, postal clerk, or other carrier of the mail shall receive any mail matter presented to him, if properly prepaid by stamps, and deliver the same for mailing at the next post-office at which he arrives, but no fees shall be allowed him therefor.

Approved June 8, 1872.

Illegal carrying of mail by carriers and others. R. S., § 3981. Penalty.

Any person concerned in carrying the mail, who shall collect, receive, or carry any letter or packet, or cause or procure the same to be done, contrary to law, shall, for every such offense, be punishable by a fine of not more than fifty dollars.

Approved June 8, 1872.

Conveyance of mail matter by private express forbidden, R. S., § 3982.

No person shall establish any private express for the conveyance of letters or packets, or in any manner cause or provide for the conveyance of the same by regular trips or at stated periods, over any post route which is or may be established by law, or from any city, town, or place to any other city, town, or place between which the mail is regularly carried; and every person so offending, or aiding or assisting therein, shall for each offense be liable to a penalty of one hundred and fifty dollars.

Penalty.

Approved June 8, 1872.

Transportation of persons unlawfully conveying mail forbidden. R. S., § 3983.

The owner of every stage-coach, railway car, steamboat, or other vehicle, or vessel which shall, with the knowledge of any owner, in whole or in part, or with the knowledge or connivance of the driver, conductor, master, or other person having charge of the same, convey any person acting or employed as a private express for the conveyance of letters or packets, and actually in possession of the same for the purpose of conveying them, contrary to the spirit, true intent, and meaning of this Title (meaning Revised Statutes, Title XLVI, "The Postal Service"), shall, for every such offense, be liable to a penalty of one hundred and fifty dollars.

Penalty.

Approved June 8, 1872.

Transmission of letters by private express forbidden. R. S., § 3984. Penalty.

No person shall transmit by private express or other unlawful means, or deliver to any agent of such unlawful express, or deposit, or cause to be deposited, at any appointed place for the purpose of being transmitted, any letter or packet; and for every such offense the party offending shall be liable to a penalty of fifty dollars.

Approved June 8, 1872.

Illegal carrying of letters outside of mail. R. S., § 3985.

No stagecoach, railway car, steamboat, or other vehicle or vessel which regularly performs trips at stated periods on any post route, or from any city, town, or place to any other city, town, or place between which the mail is regularly carried, shall carry, otherwise than in the mail, any letters or packets, except such as relate to some part of the cargo of such steamboat or other vessel, or to some article carried at the same time by the same stagecoach, railway car, or other vehicle, except as provided in section three thousand nine hundred and ninety-three (R. S.); and for every such offense the owner of the stagecoach, railway car, steamboat, or other vehicle or vessel shall be liable to a penalty of one hundred dollars; and the driver, conductor, master, or other person having charge thereof, and not at the time owner of the whole or any part thereof, shall for every such offense be liable to a penalty of fifty dollars.

—except.

Penalty on owner.

Penalty on driver.

Approved June 8, 1872.

Carrying letters out of the mail on board vessels. R. S., § 3986. Penalty.

No person shall carry any letter or packet on board any vessel which carries the mail otherwise than in such mail, except as provided in section three thousand nine hundred and ninety-three (R. S.); and for every such offense the party offending shall be liable to a penalty of fifty dollars.

Approved June 8, 1872.

Carriage by vessels of mail not received from post-office forbidden. R. S., § 3987.

No vessel departing from the United States for any foreign port shall receive on board or convey any letter or packet originating in the United States which has not been regularly received from the post-office at the port of departure, and which does not relate to the cargo of such vessel, except as provided in section three thousand nine hundred and ninety-three (of the Revised Statutes); and every collector, or other officer of the port empowered to grant clearances, shall require from the master of such vessel, as a condition of clearance, an oath that he has not received on board, has not under his care or control, and will not receive or convey any letter or packet contrary to the provisions of this section.

Officer of port to require oath of master of vessel not to violate this section.

Approved June 8, 1872.

Vessels not to make entry until letters are delivered at post-office.
R. S., § 3988.

No vessel arriving within any port or collection district of the United States shall be allowed to make entry or break bulk until all letters on board are delivered at the nearest post-office, and the master thereof has signed and sworn to the following declaration before the collector or other proper customs officer:

Oath.

"I, A B, master of the ———, arriving from ———, and now lying in the port of ———, do solemnly swear (or affirm) that I have, to the best of my knowledge and belief, delivered, at the post-office at ———, every letter, and every bag, packet, or parcel of letters which were on board the said vessel during her last voyage, or which were in my possession or under my power or control."

Penalty for breaking bulk before delivery.

And any master who shall break bulk before he has delivered such letters shall be liable to a penalty of not more than one hundred dollars, recoverable, one half to the officer making the seizure and the other to the use of the United States.

Approved June 8, 1872.

Agents of Department and customs collectors authorized to search vessels and make seizures.
R. S., § 3989.

Any special agent of the Post-Office Department, when instructed by the Postmaster-General to make examinations and seizures, and the collector or other customs officer of any port, without special instructions, shall carefully search all vessels for letters which may be on board or which may have been conveyed contrary to law.

Approved June 8, 1872.

Agents of Department or collectors may seize or detain letters, etc., illegally carried.
R. S., § 3990.

Any special agent of the Post-Office Department, collector or other customs officer, or United States marshal or his deputy, may at all times seize all letters and bags, packets, or parcels containing letters which are being carried contrary to law on board any vessel or on any post route, and convey the same to the nearest post-office, or may, by the direction of the Postmaster-General or Secretary of the Treasury,

Period of detention.

detain them until two months after the final determination of all suits and proceedings which may, at any time within six months after such seizure, be brought against any person for sending or carrying such letters.

Approved June 8, 1872.

Seized packages unlawfully containing letters to be forfeited to the United States.
R. S., § 3991.

Every package or parcel seized by any special agent of the Post-Office Department, collector, or other customs officer, or United States marshal or his deputies, in which any letter is unlawfully concealed, shall be forfeited to the United States, and the same proceedings may be had to enforce the forfeiture as are authorized in respect to goods, wares, and merchandise forfeited for violation of the revenue laws; and all

Proceedings to enforce forfeiture.

laws for the benefit and protection of customs officers making seizures for violating revenue laws shall apply to officers making seizures for violating the postal laws.

Approved June 8, 1872.

Transmission of letters without compensation or on special occasions.
R. S., § 3992.

Nothing herein contained shall be construed to prohibit the conveyance or transmission of letters or packets by private hands without compensation, or by special messenger employed for the particular occasion only.

Approved June 8, 1872.

When letters may be carried out of the mail.
R. S., § 3993.
—in stamped envelopes.

All letters inclosed in stamped envelopes, if the postage stamp is of a denomination sufficient to cover the postage that would be chargeable thereon if the same were sent by mail, may be sent, conveyed, and delivered otherwise than by mail, provided such envelope shall be duly directed and properly sealed, so that the letter can not be taken therefrom without defacing the envelope, and the date of the letter or of the transmission or receipt thereof shall be written or stamped

Suspension of this section.

upon the envelope. But the Postmaster-General may suspend the operation of this section upon any mail route where the public interest may require such suspension.

Approved June 8, 1872.

Obstructing the mails. R. S., § 3995. —penalty.

Any person who shall knowingly and willfully obstruct or retard the passage of the mail, or any carriage, horse, driver, or carrier carrying the same, shall, for every such offense, be punishable by a fine of not more than one hundred dollars.

Approved June 8, 1872.

Delaying mail at ferry. R. S., § 3996. —penalty.

Any ferryman who shall delay the passage of the mail by willful neglect or refusal to transport the same across any ferry shall, for every ten minutes such mail may be so delayed, be liable to a penalty of ten dollars.

Approved June 8, 1872.

Railroad routes to be classified. R. S., § 3997.

The Postmaster-General shall arrange the railway routes on which the mail is carried, including those in which the service is partly by railway and partly by steamboat, into three classes, according to the size of the mails, the speed at which they are carried, and the frequency and importance of the service, so that each railway company shall receive, as far as practicable, a proportionate and just rate of compensation, according to the service performed.

Approved June 8, 1872.

Transportation of mail by other means than railroad when rates demanded exceed maximum. R. S., § 3999.

If the Postmaster-General is unable to contract for carrying the mail on any railway route at a compensation not exceeding the maximum rates herein provided, or for what he may deem a reasonable and fair compensation, he may separate the letter mail from the other mail, and contract, either with or without advertising, for carrying such letter mail by horse express or otherwise, at the greatest speed that can reasonably be obtained, and for carrying the other mail in wagons, or otherwise, at a slower rate of speed.

Approved June 8, 1872.

Mail to be carried on any train. R. S., § 4000.

Every railway company carrying the mail shall carry on any train which may run over its road, and without extra charge therefor, all mailable matter directed to be carried thereon, with the person in charge of the same.

Approved June 8, 1872.

Land-grant roads. R. S., § 4001. —compensation to be fixed by Congress. —by Postmaster-General when Congress fails.

All railway companies to which the United States have furnished aid by grants of lands, right of way, or otherwise, shall carry the mail at such prices as Congress may by law provide; and, until such price is fixed by law, the Postmaster-General may fix the rate of compensation.

Approved June 8, 1872.

Transportation of domestic mails through foreign countries. R. S., § 4006.

The Postmaster-General, after advertising for proposals, may enter into contracts or make suitable arrangements for transporting the mail through any foreign country, between any two points in the United States, and such transportation shall be by the speediest, safest, and most economical route; and all contracts therefor may be revoked whenever any new road or canal shall be opened affording a speedier, more economical, and equally safe transportation between the same points; but in the case of the revocation of any such contract, a fair indemnity shall be awarded to the contractor.

Approved June 8, 1872.

Transporting mails between United States and foreign countries. R. S., § 4007.

The Postmaster-General may, after advertising for proposals, enter into contracts for the transportation of the mail between the United States and any foreign country whenever the public interests will thereby be promoted.

Approved June 8, 1872.

Foreign mails. R. S., § 4008. —how transported.

The mail between the United States and any foreign port, or between ports of the United States touching at a foreign port, shall be transported in steamships; but the Postmaster-General may have such transportation performed by sailing vessels when the service can be facilitated thereby.

Approved June 8, 1872.

Compensation for transportation of foreign mails. R. S., § 4009.

For transporting the mail between the United States and any foreign port, or between ports of the United States touching at a foreign port, the Postmaster-General may allow as compensation, if by a United States steamship, any sum not exceeding the sea and United States inland postage; and if by a foreign steamship or by a sailing vessel, any sum not exceeding the sea postage on the mail so transported.

Approved June 8, 1872.

Fines on contractors for foreign mails. R. S., § 4010. —maximum amount of.

The Postmaster-General may impose fines on contractors for transporting the mail between the United States and any foreign country for any unreasonable or unnecessary delay in the departure of such mail or the performance of the trip; but the fine for any one default shall not exceed one-half the contract price for the trip.

Approved June 8, 1872.

Discontinuance of foreign mail transportation contracts. R. S., § 4011.

Every contract for transporting the mail between the United States and any foreign country shall contain, besides the usual stipulation for the right of the Postmaster-General to discontinue the same, the further stipulation that it may be terminated by Congress.

Approved June 8, 1872.

Transportation through United States of mails of Canada and countries adjoining the United States. R. S., § 4012. Withdrawal of privilege.

The Postmaster-General may, by and with the advice and consent of the President, make any arrangements which may be deemed just and expedient for allowing the mails of Canada or any other country adjoining the United States to be transported over the territory of the United States from one point in such country to any other point in the same at the expense of the country to which the mail belongs upon obtaining a like privilege for the transportation of the United States mail through the country to which the privilege is granted; but such privilege may at any time be annulled by the President or Congress from and after one month succeeding the day on which notice of the act of the President or Congress is given to the chief executive or head of the post-office department of the country whose privilege is to be annulled.

Approved June 8, 1872.

Foreign mails while in transit across territory of United States. R. S., § 4013. —to be deemed mail of United States. —punishment of offense against.

Every foreign mail shall, while being transported across the territory of the United States under the provisions of the preceding section (R. S., § 4012), be deemed and taken to be a mail of the United States, so far as to make any violation thereof, or depredation thereon, or offense in respect thereto, or any part thereof, an offense of the same grade, and punishable in the same manner and to the same extent as though the mail was a mail of the United States; and in any indictment for any such offense, the mail, or any part thereof, may be alleged to be, and on the trial of any such indictment it shall be deemed and held to be, a mail or part of a mail of the United States.

Approved June 8, 1872.

Consuls may pay foreign postage in certain cases on matter for United States detained at foreign ports for want of postage. R. S., § 4014.

The Postmaster-General or the Secretary of State is hereby authorized to empower the consuls of the United States to pay the foreign postage on such letters destined for the United States as may be detained at the ports of foreign countries for the nonpayment of postage, which postage shall be by the consul marked as paid by him, and the amount thereof shall be collected in the United States as other postage, on the delivery of the letters, and repaid to said consul, or credited on his account at the State Department.

Approved June 8, 1872.

Retaliatory postage on certain foreign matter. R. S., § 4015. —when may be imposed.

The Postmaster-General, under the direction of the President of the United States, is hereby authorized and empowered to charge upon, and collect from, all letters and other mailable matter carried to and from any port of the United States, in any foreign packet ship or other vessel, the same rate or rates of charge for American postage which the government to which such foreign packet or other vessel belongs imposes upon letters and other mailable matter conveyed to *or from* such foreign country in American packets or other vessels as *the postage of* such government, and at any time to revoke the same;

and all custom-house officers and other United States agents designated or appointed for that purpose shall enforce or carry into effect the foregoing provision, and aid or assist in the collection of such postage, and to that end it shall be lawful for such officers and agents, on suspicion of fraud, to open and examine, in the presence of two or more respectable persons, being citizens of the United States, any package or packages supposed to contain mailable matter found on board such packets or other vessels or elsewhere, and to prevent, if necessary, such packets or other vessels from entering, breaking bulk, or making clearance until such letters or other mailable matter are duly delivered into the United States post-office.

Authority to open packages, when.

Approved June 8, 1872.

All letters or other mailable matter conveyed to or from any part of the United States by any foreign vessel, except such sealed letters, relating to such vessel, or any part of the cargo thereof, as may be directed to the owners or consignees of the vessel, shall be subject to postage-charge, whether addressed to any person in the United States or elsewhere, provided they are conveyed by the packet or other ship of a foreign country imposing postage on letters or mailable matter conveyed to or from such country by any vessel of the United States; and such letters or other mailable matter carried in foreign vessels, except such sealed letters, relating to the vessel, or any part of the cargo thereof, as may be directed to the owners or consignees, shall be delivered into the United States post-office by the master of such vessel when arriving, and be taken from a United States post-office when departing, and the postage paid thereon, justly chargeable by this Title [XLVI, R. S.], and for refusing or failing to do so, or for conveying such letters or any letters intended to be conveyed in any vessel of such foreign country over or across the United States, or any portion thereof, the party offending shall be punishable by a fine of not more than one thousand dollars for each offense.

Foreign vessels carrying mail to or from U. S.
R. S., § 4016.

Postage to be paid, when.

Mail, how treated on arrival, etc.

Penalty for violation of statute.

Approved June 8, 1872.

The Postmaster-General may employ two special agents for the Pacific coast, and such number of other special agents as the good of the service and the safety of the mail may require. Such agents shall be entitled to a salary at the rate of not more than one thousand six hundred dollars a year each, and shall each be allowed for traveling and incidental expenses, while actually employed in the service, a sum not exceeding five dollars a day.

R. S., § 4017.

Approved June 8, 1872.

Whenever a special agent is required to collect or disburse any public money, he shall, before entering upon such duty, give bond in such sum and form, and with such security as the Postmaster-General may approve.

Bonds of inspectors.
R. S., § 4018.
—when must be given.

Approved June 8, 1872.

The Postmaster-General may employ, when the service requires it, the Assistant Postmasters-General and superintendents in his Department as special agents; and he may allow them therefor not exceeding the amount expended by them as necessary traveling expenses while so employed.

Department officers may be inspectors.
R. S., § 4019.
—expenses of.

Approved June 8, 1872.

The Postmaster-General may establish resident mail agencies at the ports of Panama and Aspinwall, in New Granada; Havana, in Cuba; at St. Thomas, and at such other foreign ports at which United States mail steamers touch to land and receive mails as may, in his judgment, promote the efficiency of the foreign mail service; and may pay the agents employed by him at such ports, out of the appropriation for transportation of the mail, a reasonable compensation for their services, and the necessary expenses for office rent, clerk hire, office furniture, and other incidentals, to be allowed him at each of such agencies.

Agencies in foreign countries.
R. S., § 4021.

Agents.

—expenses of.

Approved June 8, 1872.

Agents on ocean steamers. R. S., § 4022. —on what routes. —compensation of.

The Postmaster-General may appoint an agent in charge of the mail on board of each of the mail steamers on the routes between San Francisco, Japan, and China; between San Francisco and Honolulu, in the Hawaiian Islands, and between New York and Rio Janeiro, who shall be allowed, out of the appropriation for transportation of the mail, a salary of two thousand dollars a year.

Approved June 8, 1872.

Agency in China or Japan. R. S., § 4023. —branches of.

Agents. —expenses of.

The Postmaster-General may establish, in connection with the mail-steamship service to Japan and China, a general postal agency at Shanghai, in China, or at Yokohama, in Japan, with such branch agencies at any other ports in China and Japan as he shall deem necessary for the prompt and efficient management of the postal service in those countries; and he may pay the postal agents employed thereat a reasonable compensation for their services, in addition to the necessary expenses for rent, furniture, clerk hire, and incidental expenses.

Approved June 8, 1872.

Postal clerks, appointment of. R. S., § 4025.

The Postmaster-General may appoint clerks for the purpose of assorting and distributing the mail in railway post-offices, each of whom shall be paid, out of the appropriation for transportation of the mail, a salary at the rate of not more than one thousand four hundred dollars a year each to the head clerks, nor more than one thousand two hundred dollars a year each to the other clerks.

Approved June 8, 1872.

Officers of Post-Office Department may be specially authorized to make searches. R. S., § 4026. —of any car or vehicle. —of store or building.

The Postmaster-General may, by a letter of authorization under his hand, to be filed among the records of his Department, empower any special agent or other officer of the Post-Office Establishment to make searches for mailable matter transported in violation of law; and the agent or officer so authorized may open and search any car or vehicle passing or having lately before passed, from any place at which there is a post-office of the United States to any other such place, or any box, package or packet being or having lately before been, in such car or vehicle, or any store or house, other than a dwelling house, used or occupied by any common carrier or transportation company, in which such box, package, or packet may be contained, whenever such agent or officer has reason to believe that mailable matter, transported contrary to law, may therein be found.

Approved June 8, 1872.

Authority for establishment of money-order system. R. S., § 4027. "Money-order offices."

To promote public convenience, and to insure greater security in the transfer of money through the mail the Postmaster-General may establish and maintain, under such rules and regulations as he may deem expedient, a uniform money-order system, at all suitable post-offices, which shall be designated as "money-order offices."

Approved June 8, 1872.

Foreign money-order exchanges. R. S., § 4028.

The Postmaster-General may conclude arrangements with the post departments of foreign governments, with which postal conventions have been, or may be, concluded, for the exchange, by means of postal orders, of small sums of money, not exceeding fifty dollars in amount, at such rates of exchange, and compensation to postmasters, and under such rules and regulations as he may deem expedient; and the expenses of establishing and conducting such system of exchange may be paid out of the proceeds of the money-order business.

Approved June 8, 1872.

Issue of money orders at branch offices. R. S., § 4029. —accountability for moneys received from.

The postmaster of every city where branch post-offices or stations are established and in operation, subject to his supervision, is authorized, under the direction of the Postmaster-General, to issue, or to cause to be issued, by any of his assistants or clerks in charge of branch post-offices or stations, postal money orders, payable at his own or at any other money-order office, or at any branch post-office or station of his own, or of any other money-order office, as the remitters thereof may direct; and the postmaster and his sureties shall, in every case, be held accountable upon his official bond for all moneys received *by him* or his designated assistants or clerks in charge of stations,

from the issue of money orders, and for all moneys which may come into his or their hands, or be placed in his or their custody by reason of the transaction by them of money-order business.

Approved June 8, 1872.

Issuing money orders on credit. R. S., § 4030. —penalty.

Any postmaster who issues a money order without having previously received the money therefor shall be deemed guilty of a misdemeanor, and shall be fined not less than fifty nor more than five hundred dollars.

Approved June 8, 1872.

Performance of duties during absence of postmaster. R. S., § 4031. —at money-order offices.

In case of the sickness or unavoidable absence from his office of the postmaster of any money-order post-office, he may, with the approval of the Postmaster-General, authorize the chief clerk, or some other clerk employed therein, to act in his place, and to discharge all the duties required by law of such postmaster; and the official bond given by the principal of the office shall be held to cover and apply to the acts of the person appointed to act in his place in such cases; and such acting officer shall, for the time being, be subject to all the liabilities and penalties prescribed by law for the official misconduct in like cases of the postmaster for whom he shall act.

Liability of postmaster.

Approved June 8, 1872.

Blank applications for money orders. R. S., § 4033.

The Postmaster-General shall supply money-order offices with blank forms of application for money orders, which each applicant shall fill up with his name, the name and address of the party to whom the order is to be paid, the amount and the date of application; and all such applications shall be preserved by the postmaster receiving them for such time as the Postmaster-General may prescribe.

Approved June 8, 1872.

Special forms for money orders. R. S., § 4034.

The Postmaster-General shall furnish money-order offices with printed or engraved forms for money orders, and no order shall be valid unless it be drawn upon such form.

Approved June 8, 1872.

Advices—original. R. S., § 4035.

The postmaster issuing a money order shall send a notice thereof by mail, without delay, to the postmaster on whom it is drawn.

Approved June 8, 1872.

Money order valid one year. R. S., § 4036.

No money order shall be valid and payable unless presented to the postmaster on whom it is drawn within one year after its date; but the Postmaster-General, on the application of the remitter or payee of any such order, may cause a new order to be issued in lieu thereof.

New order may be issued thereafter.

Approved June 8, 1872.

Changes or modification of money orders after issue. R. S., § 4038.

After a money order has been issued, if the purchaser desires to have it modified or changed, the postmaster who issued the order shall take it back and issue another in lieu of it, for which a new fee shall be exacted.

Approved June 8, 1872.

Repayment upon application of remitter. R. S., § 4039. Fee not to be returned.

The postmaster issuing a money order shall repay the amount of it upon the application of the person who obtained it, and the return of the order; but the fee paid for it shall not be returned.

Approved June 8, 1872.

Replacing lost money order. R. S., § 4040.

Whenever a money order has been lost, the Postmaster-General, upon the application of the remitter or payee of such order, may cause a duplicate thereof to be issued, without charge, providing the party losing the original shall furnish a certificate from the postmaster by whom it was payable that it has not been, and will not thereafter be paid; and a similar certificate from the postmaster by whom it was issued that it has not been and will not thereafter be repaid.

Approved June 8, 1872.

Money order to lotteries, etc. payment of, may be suspended.
R. S., § 4041.

The Postmaster-General may, upon evidence satisfactory to him that any person is engaged in conducting any fraudulent lottery, gift enterprise, or scheme for the distribution of money, or of any real or personal property, by lot, chance, or drawing of any kind, or in conducting any other scheme or device for obtaining money through the mails by means of false or fraudulent pretenses, representations, or promises, forbid the payment, by any postmaster, to any such person of any postal money order drawn to his order or in his favor, and may provide by regulations for the return, to the remitter, of the sums named in such money orders. But this shall not authorize any person to open any letter not addressed to himself.

Approved June 8, 1872.

Payments and transfers of money-order funds.
R. S., § 4042.

—to be under direction of Postmaster-General.

All payments and transfers to and from money-order offices shall be under the direction of the Postmaster-General. He may transfer money-order funds from one postmaster to another, and from the postal revenue to the money-order funds, and he may transfer money-order funds to creditors of the Department, to be replaced by equivalent transfers from the postal revenues.

Approved June 8, 1872.

Transfers by warrant from postal revenues to money-order account.
R. S., § 4043.

The Postmaster-General may transfer to the postmaster at any money-order office, by warrant on the Treasury, countersigned by the Sixth Auditor, and payable out of the postal revenues, such sum as may be required over and above the current revenues of his office to pay the money orders drawn upon him.

Approved June 8, 1872.

Money-order funds, report of.
R. S., § 4044.

The Postmaster-General shall require each postmaster at a money-order office to render to the Post-Office Department weekly, semi-weekly, or daily accounts of all money orders issued and paid; of all fees received for issuing them; of all transfers and payments made from money-order funds; and of all money received to be used for the payment of money orders or on account of money-order business.

Approved June 8, 1872.

Money-order funds.
R. S., § 4045.

—to be considered money in the Treasury.

All money received for the sale of money orders, including all fees thereon, all money transferred from the postal revenues to the money-order funds, all money transferred or paid from the money-order funds to the service of the Post-Office Department, and all money-order funds transferred from one postmaster to another, shall be deemed and taken to be money-order funds and money in the Treasury of the United States. And it shall be the duty of the assistant treasurer of the United States to open, at the request of the Postmaster-General, an account of "money-order funds" deposited by postmasters to the credit of the Postmaster-General and of drafts against the amount so deposited, drawn by him and countersigned by the Sixth Auditor.

Approved June 8, 1872.

Money-order business — compensation to postmasters.
R. S., § 4047.

Postmasters at money-order offices may be allowed, as compensation for issuing and paying money orders, not exceeding one-third of the whole amount of fees collected on orders issued, and one-fourth of one per centum on the gross amount of orders paid at their respective offices, provided such compensation, together with the postmaster's salary, shall not exceed four thousand dollars per annum, except in the case of the postmaster at New York City.

Approved June 8, 1872.

Manner of keeping accounts.
R. S., § 4049.

—what to exhibit.

The accounts of the postal service shall be kept in such a manner as to exhibit separately the amount of revenue derived from the following sources respectively:

First. Letter postage.
Second. Book, newspaper, and pamphlet postage.
Third. Registered letters.
Fourth. Box rents and branch offices.

Fifth. Postage-stamps and envelopes.
Sixth. Dead letters.
Seventh. Fines and penalties.
Eighth. Revenue from money-order business.
Ninth. Miscellaneous.

And they shall exhibit separately the amount of expenditure made for each of the following subjects, respectively:

First. Transportation of the mail.
Second. Compensation of postmasters.
Third. Compensation of letter carriers.
Fourth. Compensation for clerks for post-offices.
Fifth. Compensation for blank agents and assistants.
Sixth. Mail depredations and special agents.
Seventh. Postage stamps and envelopes.
Eighth. Ship, steamboat, and way letters.
Ninth. Dead letters.
Tenth. Mail bags.
Eleventh. Mail locks and keys.
Twelfth. Post marking and canceling stamps.
Thirteenth. Wrapping paper.
Fourteenth. Twine.
Fifteenth. Letter balances.
Sixteenth. Office furniture.
Seventeenth. Advertising.
Eighteenth. Balances for foreign countries.
Nineteenth. Rent, light, and fuel for post-offices.
Twentieth. Stationery.
Twenty-first. Miscellaneous.

Approved June 8, 1872.

Miscellaneous receipts. R. S., § 4050. —from dead letters. —money stolen from mails recovered. —fines and penalties. —waste paper and material. —proceeds from money-order business. —account thereof.

Unclaimed money in dead letters for which no owner can be found; all money taken from the mail by robbery, theft, or otherwise, which may come into the hands of any agent or employee of the United States, or any other person whatever; all fines and penalties imposed for any violation of the postal laws, except such part as may by law belong to the informer or party prosecuting for the same; and all money derived from the sale of waste paper or other public property of the Post-Office Department shall be deposited in the Treasury, under the direction of the Postmaster-General, as part of the postal revenue. And the Postmaster-General shall cause to be placed to the credit of the Treasurer of the United States, for the service of the Post-Office Department, the net proceeds of the money-order business; and the receipts of the Post-Office Department derived from this source during each quarter shall be entered by the Sixth Auditor in the accounts of such Department, under the head of "revenue from money-order business."

Approved June 8, 1872.

Receipts at post-offices. R. S., § 4051. —postmasters accountable for.

All postages, box rents, and other receipts at post-offices shall be accounted for as part of the postal revenues; and each postmaster shall be charged with and held accountable for any part of the same, accruing at his office, which he has neglected to collect, the same as if he had collected it.

Approved June 8, 1872.

Lock boxes may be erected in post-offices by patrons. R. S., § 4052. —to become property of United States. —rent therefor.

Postmasters may allow box holders who desire to do so to provide lock-boxes or drawers for their own use, at their own expense, which lock-boxes or drawers, upon their erection in any post-office, shall become the property of the United States, and be subject to the direction and control of the Post-Office Department, and shall pay a rental at least equal to that of other boxes in the same office, or, if there be no other boxes in such office, of boxes in other offices of the same class, which rental shall be accounted for as other box rents.

Approved June 8, 1872.

Failure to deposit postal revenues.
R. S., § 4053.
—penalty.

Any officer, agent, postmaster, clerk, or other person employed in any branch of the postal service having temporary custody of any money taken from dead letters; any money derived from the sale of waste paper or other public property of the Post-Office Department; or any money derived from any other source which by law is part of the postal revenues, who shall willfully neglect to deposit the same in the Treasury of the United States, or in some other depository authorized to receive the same, shall be deemed guilty of embezzlement, and be punishable by a fine of not more than double the sum so retained, or by imprisonment for not more than three years, or both. And any person intrusted by law with the sale of postage stamps or stamped envelopes, who shall refuse or neglect to account for the same, or who shall pledge or hypothecate or unlawfully dispose of them, for any purpose whatever, shall be deemed guilty of embezzlement, and shall be punishable by the like fine and imprisonment as are provided in this section for the embezzlement of money.

Approved June 8, 1872.

Failure to account for, and improper sales of, stamps, etc.
—penalty.

Appropriations out of revenues.
R. S., § 4054.

The money required for the postal service in each year shall be appropriated by law out of the revenues of the service.

Approved June 8, 1872.

Payments to be on certificate of Auditor.
R. S., § 4055.
Advances to post-office inspectors.
—other agents.
—how accounted for.

All payments on account of the postal service shall be made to persons to whom the same shall be certified to be due by the Sixth Auditor, but advances of necessary sums to defray expenses may be made by the Postmaster-General to agents employed to investigate mail depredations, examine post routes and offices, and on other like services, to be charged to them by the Auditor, and to be accounted for in the settlement of their accounts.

Approved June 8, 1872.

Payment of contractors by transfer of balances due from postmasters.
R. S., § 4056.

The Postmaster-General may transfer debts due to the Department from postmasters and others to such contractors as have given bonds, with security, to refund any money that may come into their hands over and above the amount found due them on the settlement of their accounts; but such transfers shall only be in satisfaction of legal demands for which appropriations have been made.

NOTE.—The practice authorized by this section is no longer pursued, contractors being paid directly by warrant.

Approved June 8, 1872.

Fraudulent and improper payments.
R. S., § 4057.
—for service not performed.
—made upon fraudulent representations, mistakes, etc.
—Postmaster-General to bring suit to recover.

In all cases where money has been paid out of the funds of the Post-Office Department under the pretense that service has been performed therefor, when, in fact, such service has not been performed, or as additional allowance for increased service actually rendered, when the additional allowance exceeds the sum which, according to law, might rightfully have been allowed therefor, and in all other cases where money of the Department has been paid to any person in consequence of fraudulent representations, or by the mistake, collusion, or misconduct of any officer or other employee in the postal service, the Postmaster-General shall cause suit to be brought to recover such wrong or fraudulent payment or excess, with interest thereon.

Approved June 8, 1872.

Stolen money or property received at Department.
R. S., § 4058.
—may be delivered to owner.

Whenever the Postmaster-General is satisfied that money or property stolen from the mail, or the proceeds thereof, has been received at the Department, he may, upon satisfactory evidence as to the owner, deliver the same to him.

Approved June 8, 1872.

Recovery of penalties and forfeitures.
R. S., § 4059.
—by action, how disposed of.

All penalties and forfeitures imposed for any violation of law affecting the Post-Office Department for its revenue or property shall be recoverable, one-half to the use of the person informing and prosecuting for the same and the other half to to be paid into the Treasury for the use of the Post-Office Department, unless a different disposal is expressly

prescribed. All fines collected for violations of such laws shall be paid into the Treasury for the use of the Post-Office Department. Fines, how disposed of.

Approved June 8, 1872.

The Postmaster-General may dispose of any quarterly returns of mails sent or received, preserving the accounts current and all accompanying vouchers, and use such portions of the proceeds as may be necessary to defray the cost of separating and disposing of them; but the accounts shall be preserved entire for at least two years. Accounts of postmasters to be preserved two years. R. S., § 4000.

Approved June 8, 1872.

The Postmaster-General may provide, by regulations, for disposing of printed and mailable matter which may remain in any post-office, or in the Department, not called for by the party addressed; but if the publisher of any refused or uncalled-for newspaper or other periodical shall pay the postage due thereon, such newspaper or other periodical shall be excepted from the operation of such regulations. Disposal of unclaimed printed matter. R. S., § 4061. —regulations as to.

Approved June 8, 1872.

Any person who shall, with intent to defraud, falsely make, forge, counterfeit, engrave, or print, or cause or procure to be falsely made forged, counterfeited, engraved, or printed, or willingly aid or assist in falsely making, forging, counterfeiting, engraving, or printing any order in imitation of or purporting to be a money order issued by the Post-Office Department or any of its postmasters or agents, or any material signature or indorsement thereon; any person who shall falsely alter, or cause or procure to be altered, or willingly aid or assist in falsely altering any such money order; any person who shall, with intent to defraud, pass, utter, or publish, or attempt to pass, utter, or publish as true any such false, forged, counterfeited, or altered money order, knowing the same, or any signature or indorsement thereon, to be false, forged, counterfeited, or altered, shall be punishable by a fine of not more than five thousand dollars or by imprisonment at hard labor for not less than two years and not more than five years. Money orders, forging of. R. S., § 5463. —penalty.

Approved June 8, 1872.

Any person who shall forge or counterfeit any postage stamp, or any stamp printed upon any stamped envelope, postal card, or any die, plate, or engraving therefor; any person who shall make, or print, or knowingly use or sell, or have in possession, with intent to use or sell, any such forged or counterfeited postage stamps, stamped envelope, postal card, die, plate, or engraving; any person who shall make, or knowingly use or sell, or have in possession, with intent to use or sell, any paper bearing the water mark of any stamped envelope, postal card, or any fraudulent imitation thereof; any person who shall make or print, or authorize or procure to be made or printed, any postage stamp, stamped envelope, or postal card, of the kind authorized and provided by the Post-Office Department, without the special authority and direction of the Department; any person who shall, after such postage stamp, stamped envelope, or postal card have been printed, and with intent to defraud the postal revenue, deliver the same to any person not authorized by an instrument of writing, duly executed under the hand of the Postmaster-General and the seal of the Post-Office Department, to receive them, shall be punished by a fine of not more than five hundred dollars, or by imprisonment at hard labor not more than five years, or by both such fine and imprisonment. Forging or counterfeiting postage stamps, dies, etc. R. S., § 5464. —penalty.

Approved June 8, 1872.

Any person who shall forge or counterfeit or knowingly utter or use any forged or counterfeited postage stamp of any foreign Government shall be punished by imprisonment at hard labor of not less than two nor more than ten years. Forging or counterfeiting foreign postage stamps. R. S., § 5465. —penalty.

Approved June 8, 1872.

Injuring mail matter in letter boxes, etc. R. S., § 5466.

Any person who shall willfully or maliciously injure, deface, or destroy any mail matter deposited in any letter box, pillar box, or other receptacle established by authority of the Postmaster-General for the safe deposit of matter for the mail or for delivery, or who shall willfully aid or assist in injuring such mail matter, shall be punishable by a fine of not more than five hundred dollars, or by imprisonment for not more than three years.

—penalty.

Approved June 8, 1872.

Embezzlement by persons in postal service of letters containing valuable inclosures. R. S., § 5467.

Any person employed in any department of the postal service who shall secrete, embezzle, or destroy any letter, packet, bag, or mail of letters intrusted to him, or which shall come into his possession, and which was intended to be conveyed by mail, or carried or delivered by any mail carrier, mail messenger, route agent, letter carrier, or other person employed in any department of the postal service, or forwarded through or delivered from any post-office or branch post-office established by authority of the Postmaster-General, and which shall contain any note, bond, draft, check, warrant, revenue stamp, postage stamp, stamped envelope, postal card, money order, certificate of stock, or other pecuniary obligation or security of the Government, or of any officer or fiscal agent thereof, of any description whatever; any bank note, bank post bill, bill of exchange, or note of assignment of stock in the funds; any letter of attorney for receiving annuities or dividends, selling stock in the funds, or collecting the interest thereof; any letter of credit, note, bond, warrant, draft, bill, promissory note, covenant, contract, or agreement whatsoever, for or relating to the payment of money, or the delivery of any article of value, or the performance of any act, matter, or thing; any receipt, release, acquittance, or discharge of or from any debt, covenant, or demand, or any part thereof; any copy of the record of any judgment or decree in any court of law or chancery or any execution which may have issued thereon; any copy of any other record, or any other article of value, or writing representing the same; any such person who shall steal or take any of the things aforesaid out of any letter, packet, bag, or mail of letters which shall have come into his possession, either in the regular course of his official duties or in any other manner whatever, and provided the same shall not have been delivered to the party to whom it is directed, shall be punishable by imprisonment at hard labor for not less than one year nor more than five years.

—penalty.

Approved June 8, 1872.

Meaning of "intended to be conveyed by mail." R. S., § 5468.

The fact that any letter, packet, bag, or mail of letters has been deposited in any post-office or branch post-office established by authority of the Postmaster-General, or in any other authorized depository for mail matter, or in charge of any postmaster, assistant clerk, carrier, agent, or messenger employed in any department of the postal service, shall be evidence that the same was "intended to be conveyed by mail" within the meaning of the two preceding sections. (Sec. 5466 and 5467, R. S.)

Approved June 8, 1872.

Stealing or fraudulently obtaining mail matter. R. S. § 5469.

Any person who shall steal the mail, or steal or take from or out of any mail or post-office, branch post-office, or other authorized depository for mail-matter, any letter or packet; any person who shall take the mail, or any letter or packet therefrom, or from any post-office, branch post-office, or other authorized depository for mail matter, with or without the consent of the person having custody thereof, and open, embezzle, or destroy any such mail, letter, or package which shall contain any note, bond, draft, check, warrant, revenue stamp, postage stamp, stamped envelope, money order, certificate of stock, or other pecuniary obligation or security of the Government, or of any officer or fiscal agent thereof, of any description whatever; any bank note, bank post bill, bill of exchange, or note of assignment of stock in the funds; any letter of attorney for receiving annuities or dividends, selling stock in the funds, or collecting the interest thereof; any letter of credit, note, bond, warrant, draft, bill, promissory note, covenant, contract, or agreement whatsoever, for or relating to the payment or the delivery of

Opening and embezzlement of mail, etc.

any article of value, or the performance of any act, matter, or thing; any receipt, release, acquittance, or discharge of or from any debt, covenant, or demand, or any part thereof; any copy of record of any judgment or decree in any court of law or chancery, or any execution which may have issued thereon; any copy of any other record, or any other article of value, or any writing representing the same; any person who shall, by fraud or deception, obtain, from any person having custody thereof, any such mail, letter, or packet containing any such article of value, shall, although not employed in the postal service, be punishable by imprisonment at hard labor for not less than one year and not more than five years.

Opening and embezzlement of mail, etc., penalty.

Approved June 8, 1872.

Any person who shall buy, receive, or conceal, or aid in buying, receiving, or concealing, any note, bond, draft, check, warrant, revenue stamp, postage stamp, stamped envelope, postal card, money order, certificate of stock, or other pecuniary obligation or security of the Government, or of any officer or fiscal agent thereof, of any description whatever; any bank note, bank post bill, bill of exchange, or note of assignment of stock in the funds; any letter of attorney for receiving annuities or dividends, selling stock in the funds, or collecting the interest thereof, any letter of credit, note, bond, warrant, draft, bill, promissory note, covenant, contract, or agreement whatsoever, for or relating to the payment of money or the delivery of any article of value, or the performance of any act, matter, or thing; any receipt, release, acquittal, or discharge of or from any debt, covenant, or demand, or any part thereof; any copy of the record of any judgment or decree in any court of law or chancery, or any execution which may have issued thereon; any copy of any other record, or any other article of value or writing representing the same, knowing any such article or thing to have been stolen or embezzled from the mail, or out of any post-office, branch post-office, or other authorized depository for mail matter, or from any person having custody thereof, shall be punishable by a fine of not more than two thousand dollars, and by imprisonment at hard labor for not more than five years.

Receiving articles stolen from the mails. R. S., § 5470.

—penalty.

Approved June 8, 1872.

Any person employed in any department of the postal service who shall improperly detain, delay, embezzle, or destroy any newspaper, or permit any other person to detain, delay, embezzle, or destroy the same, or open, or permit any other person to open, any mail or package of newspapers not directed to the office where he is employed, shall be punishable by a fine of not more than fifty dollars. And if any other person shall open, embezzle, or destroy any mail or package of newspapers not being directed to him, and he not being authorized to open or receive the same, he shall be punishable by a fine of not more than twenty dollars. And any person who shall take or steal any mail or package of newspapers from any post-office, or from any person having custody thereof, shall be imprisoned at hard labor for not more than three months.

Stealing, detaining, or destroying newspapers. R. S., § 5471.

—penalty.

Approved June 8, 1872.

Any person who shall rob any carrier, agent, or other person intrusted with the mail, of such mail, or any part thereof, shall be punishable by imprisonment at hard labor for not less than five years and not more than ten years; and if convicted a second time of a like offense, or if, in effecting such robbery the first time, the robber shall wound the person having custody of the mail, or put his life in jeopardy by the use of dangerous weapons, such offender shall be punishable by imprisonment at hard labor for the term of his natural life.

Robbery of the mail. R. S., § 5472.

—penalty.

—use of dangerous weapons in penalty in case of.

Approved June 8, 1872.

Any person who shall attempt to rob the mail by assaulting the person having custody thereof, shooting at him or his horse, or threatening him with dangerous weapons, and shall not effect such robbery, shall be punishable by imprisonment at hard labor for not less than two years and not more than ten years.

Attempting to rob the mail. R. S., § 5473.

—penalty.

Approved June 8, 1872.

Deserting the mail.
R. S., § 5474.

Any person who shall have taken charge of the mail and shall voluntarily quit or desert the same before he has delivered it into the post-office at the termination of the route, or to some known mail carrier, messenger, agent, or other employee of the Post-Office Department authorized to receive the same, shall be punishable by a fine of not more than five hundred dollars and by imprisonment for not less than three months nor more than one year.

—penalty.

Approved June 8, 1872.

Stealing, embezzling, or carrying away post-office property.
R. S., § 5475.

Any person who shall steal, purloin, or embezzle any mail bag or other property in use by or belonging to the Post-Office Department, or who shall, for any lucre, gain, or convenience, appropriate any such property to his own or any other than its proper use, or who shall, for any lucre or gain, convey away any such property to the hindrance or detriment of the public service; if the value of the property be twenty-five dollars or more, the offender shall be punishable by imprisonment at hard labor for not more than three years, and if the value of the property be less than twenty-five dollars, the offender shall be punishable by imprisonment for not more than one year, or by a fine of not less than ten dollars and not more than two hundred dollars.

—penalty.

Approved June 8, 1872.

Injuring mail bags, locks, etc.
R. S., § 5476.

Any person who shall tear, cut, or otherwise injure any mail bag, pouch, or other thing used or designed for use in the conveyance of the mail, or who shall draw or break any staple, or loosen any part of any lock, chain, or strap attached thereto, with intent to rob or steal any such mail, or to render the same insecure, shall be punishable by a fine of not less than one hundred dollars and not more than five hundred, or by imprisonment at hard labor for not less than one year and not more than three years.

—penalty.

Approved June 8, 1872.

Stealing, embezzling, or forging of mail locks and keys.
R. S., § 5477.

Any person who shall steal, purloin, embezzle, or obtain by any false pretense, or shall aid or assist in stealing, purloining, embezzling, or obtaining by any false pretense, any key suited to any lock adopted by the Post-Office Department, and in use on any of the mails or bags thereof; any person who shall knowingly and unlawfully make, forge, or counterfeit, or cause to be unlawfully made, forged, or counterfeited, or knowingly aid or assist in making, forging, or counterfeiting, any such key; any person who shall have in his possession any such mail lock or key, with the intent unlawfully or improperly to use, sell, or otherwise dispose of the same, or to cause the same to be unlawfully or improperly used, sold, or otherwise disposed of; or any person engaged as contractor or otherwise in the manufacture of any such mail locks or keys who shall deliver, or cause to be delivered, any finished or unfinished lock or key used or designed for use by the Department, or the interior part of any such lock, to any person not duly authorized, under the hand of the Postmaster-General and the seal of the Post-Office Department, to receive the same, unless the person receiving is the contractor for furnishing the same, or engaged in the manufacture thereof in the manner authorized by the contract, or the agent for such manufacturer, shall be punishable by imprisonment at hard labor for not more then ten years.

Delivery of keys or locks to unauthorized persons.

—penalty.

Approved June 8, 1872.

Breaking into and entering post-office.
—penalty.
R. S., § 5478.

Any person who shall forcibly break into, or attempt to break into any post-office, or any building used in whole or in part as a post-office, with intent to commit therein larceny or other depredation, shall be punishable by a fine of not more than one thousand dollars, and by imprisonment at hard labor for not more than five years.

Approved June 8, 1872.

Counterfeiting or altering bonds, records, etc.

If any person shall falsely make, alter, forge, or counterfeit, or cause or procure to be falsely made, altered, forged, or counterfeited, or willingly aid or assist in the false making, altering, forging, or coun-

R. S., § 5479.

Uttering, publishing, and presenting counterfeited or altered bonds, etc.

terfeiting, any bond, bid, proposal, guarantee, security, official bond, public record, affidavits, or other writing for the purpose of defrauding the United States; or shall utter or publish as true, or cause to be uttered or published as true, any such false, forged, altered, or counterfeited bond, bid, proposal, guarantee, security, official bond, public record, affidavit, or other writing, for the purpose of defrauding the United States, knowing the same to be false, forged, altered, or counterfeited; or shall transmit to or present at or cause [*to*] [or] procure to be transmitted to, or presented at, the office of any officer of the United States, any such false, forged, altered, or counterfeited bond, bid, proposal, guarantee, security, official bond, public record, affidavit, or other writing, knowing the same to be false, forged, altered, or counterfeited, for the purpose of defrauding the United States, shall be punishable by a fine of not more than one thousand dollars or by imprisonment at hard labor for not more than ten years, or by both such punishments. (See R. S., § 5418.)

—penalty.

Approved June 8, 1872.

Fraudulent schemes.
R. S., § 5480.

If any person having devised or intending to devise any scheme or artifice to defraud, or be effected by either opening or intending to open correspondence or communication with any other person, whether resident within or outside of the United States, by means of the Post-Office Establishment of the United States, or by inciting such other person to open communication with the person so devising or intending shall, in and for executing such scheme or artifice, or attempting so to do, place any letter or packet in any post-office of the United States or take or receive any therefrom, such person, so misusing the Post-Office Establishment, shall be punishable by a fine of not more than five hundred dollars, and by imprisonment for not more than eighteen months, or by both such punishments. The indictment, information, or complaint may severally charge offenses to the number of three when committed within the same six calendar months; but the court thereupon shall give a single sentence and shall proportion the punishment especially to the degree in which the abuse of the Post-Office Establishment enters as an instrument into such fraudulent scheme and device.

—penalty.

Approved June 8, 1872.

Accessory to robbery of the mail.
R. S., § 5534.

Every accessory after the fact to any robbery of the carrier, agent, or other person intrusted with the mail, of such mail or of any part thereof, shall be fined not more than two thousand dollars and be imprisoned at hard labor not more than ten years.

—penalty.

Approved June 8, 1872.

Rates for Government telegrams over lines given certain privileges.
R. S., § 5266.
See 1892, July 5, ch. 147, 27, Stat. L., 82.
Postmaster-General to fix.

Telegrams between the several departments of the Government and their officers and agents, in their transmission over the lines of any telegraph company to which has been given the right of way, timber, or station lands from the public domain, shall have priority over all other business, at such rates as the Postmaster-General shall annually fix. And no part of any appropriation for the several departments of the Government shall be paid to any company which neglects or refuses to transmit such telegrams in accordance with the provisions of this section.

Approved June 10, 1872.

Superintendent of free delivery.
R. S., § 394.

The Postmaster-General may designate one of the present fourth-class clerks to act as superintendent of free delivery in the Post-Office Department, at an annual salary of two thousand five hundred dollars: *Provided*, That the salary hereby fixed shall terminate at the end of the fiscal year ending June thirtieth, eighteen hundred and seventy-four.

Approved March 3, 1873.

Regular deposits in national banks.
R. S., § 3847.
—when may be made at risk of postmaster.
—interest on, not to be received.
—report of.

Any postmaster, having public money belonging to the Government, at an office within a county where there are no designated depositories, treasurers of mints, or Treasurer or assistant treasurers of the United States, may deposit the same, at his own risk and in his official capacity, in any national bank in the town, city, or county where the said postmaster resides; but no authority or permission is or shall be given for the demand or receipt by the postmaster, or any other person, of interest, directly or indirectly, on any deposit made as herein described; and every postmaster who makes any such deposit shall report quarterly to the Postmaster-General the name of the bank where such deposits have been made, and also state the amount which may stand at the time to his credit.

Approved March 3, 1873.

Adjustment of compensation; conditions and rates.
R. S., § 4002.
Conditions.

The Postmaster-General is authorized and directed to readjust the compensation hereafter to be paid for the transportation of mails on railroad routes upon the conditions and at the rates hereinafter mentioned:

First. That the mails shall be conveyed with due frequency and speed; and that sufficient and suitable room, fixtures, and furniture, in a car or apartment properly lighted and warmed, shall be provided for route agents to accompany and distribute the mails.

Second. That the pay per mile per annum shall not exceed the following rates, namely: On routes carrying their whole length an average weight of mails per day of two hundred pounds, fifty dollars; five hundred pounds, seventy-five dollars; one thousand pounds, one hundred dollars; one thousand five hundred pounds, one hundred and twenty-five dollars; two thousand pounds, one hundred and fifty dollars; three thousand five hundred pounds, one hundred and seventy-five dollars; five thousand pounds, two hundred dollars, and twenty-five dollars additional for every additional two thousand pounds, the average weight to be ascertained, in every case, by the actual weighing of the mails for such a number of successive working days, not less than thirty, at such times, after June thirtieth, eighteen hundred and seventy-three, and not less frequently than once in every four years, and the result to be stated and verified in such form and manner as the Postmaster-General may direct.

Approved March 3, 1873.

Additional pay for railway post-office lines.
R. S., § 4004.
—rates of.

Additional pay may be allowed for every line comprising a daily trip each way of railway post-office cars, at a rate not exceeding twenty-five dollars per mile per annum for cars forty feet in length; and thirty dollars per mile per annum for forty-five-foot cars; and forty dollars per mile per annum for fifty-foot cars; and fifty dollars per mile per annum for fifty-five to sixty foot cars.

Approved March 3, 1873.

Embezzlement of money-order funds.
R. S., § 4046.
—penalty.
—what constitutes.

Every postmaster, assistant, clerk, or other person employed in or connected with the business or operations of any money-order office who converts to his own use, in any way whatever, or loans, or deposits in any bank, except as authorized by this Title (XLVI, R. S.). or exchanges for other funds, any portion of the money-order funds, shall be deemed guilty of embezzlement; and any such person, as well as every other person advising or participating therein, shall, for every such offense, be imprisoned for not less than six months nor more than ten years, and be fined in a sum equal to the amount embezzled; and any failure to pay over or produce any money-order funds intrusted to such person shall be taken to be *prima facie* evidence of embezzlement; and upon the trial of any indictment against any person for such embezzlement, it shall be *prima facie* evidence of a balance against him to produce a transcript from the money-order account books of the Sixth Auditor.

Deposits in national banks designated by Secretary of Treasury.
R. S., § 4046.

But nothing herein contained shall be construed to prohibit any postmaster depositing, under the direction of the Postmaster-General, in a national bank designated by the Secretary of the Treasury for that purpose, to his own credit as postmaster, any money-order or other funds in his charge, nor prevent his negotiating drafts or other evi-

dences of debt through such bank, or through United States disbursing officers, or otherwise, when instructed or required to do so by the Postmaster-General, for the purpose of remitting surplus money-order funds from one post-office to another, to be used in payment of money orders. Disbursing officers of the United States shall issue, under regulations to be prescribed by the Secretary of the Treasury, duplicates of lost checks drawn by them in favor of any postmaster on account of money-order or other public funds received by them from some other postmaster.

Use of drafts, etc., in remitting funds.

Duplicates of lost checks, how issued.

Approved March 3, 1873.

The Secretary of the Treasury is directed to withhold all payments to any railroad company and its assigns, on account of freights or transportation over their respective roads of any kind, to the amount of payments made by the United States for interest upon bonds of the United States issued to any such company, and which shall not have been reimbursed, together with the five per centum of net earnings due and unapplied, as provided by law.

Payments to be withheld on account of interest on bonds issued by U. S. to aid railroads. R. S., § 5260.

Approved March 3, 1873.

Except where a different time is expressly prescribed by law, the various annual reports required to be submitted to Congress by the heads of Departments shall be made at the commencement of each regular session, and shall embrace the transactions of the preceding year.

When reports are to be made. R. S., § 195.

Approved December 1, 1873.

Before entering upon the duties of his office, and before he shall receive any salary, the Postmaster-General and each of the persons employed in the postal service shall, respectively, take and subscribe, before some magistrate or other competent officer, the following oath: "I, A. B., do solemnly swear (or affirm) that I will faithfully perform all the duties required of me and abstain from everything forbidden by the laws in relation to the establishment of post-offices and post-roads within the United States; and that I will honestly and truly account for and pay over any money belonging to the said United States which may come into my possession or control: So help me God." (See Act June 8, 1872, ch. 335, sec. 15, 17 Stat., 287.)

Oath of office postal employees. R. S., § 391.

Approved March 5, 1874.

Before entering upon the duties, and before they shall receive any salary, the Postmaster-General, and all persons employed in the postal service, shall, respectively, take and subscribe before some magistrate or other competent officer authorized to administer oaths by the laws of the United States, or of any State or Territory, the following oath or affirmation:

Oath of office. —special, as employed in postal service. 1874, Mar. 5 ch. 46; 1 Supp., 5.

I do solemnly swear (or affirm) that I will faithfully perform all the duties required of me and abstain from everything forbidden by the laws in relation to the establishment of post-offices and post-roads within the United States; and that I will honestly and truly account for and pay over any money belonging to the said United States which may come into my possession or control; and I also further swear (or affirm) that I will support the Constitution of the United States. So help me God.

Approved March 5, 1874.

(The) oath (of office) or affirmation (required by the act of March 5, 1874) may be taken before any officer, civil or military, holding a commission under the United States, and such officer is hereby authorized to administer and certify such oath or affirmation.

Oath. —special. 1874, Mar. 5, ch. 46; 1 Supp., 5.

Approved March 5, 1874.

The commissions of all postmasters appointed by the President, by and with the advice and consent of the Senate, shall be made out and recorded in the Post-Office Department, and shall be under the seal of said Department, and countersigned by the Postmaster-General, any laws to the contrary notwithstanding: *Provided*, That the said seal

Issue of commissions of postmasters. 1874, Mar. 18, ch. 57; 1 Supp., 5. —appointed by President.

shall not be affixed to any such commission until after the same shall have been signed by the President of the United States.

Approved March 18, 1874.

Contracts for supplies, certain limitations not applicable to.
Mar. 24, 1874, 18 Stat. L., 286. Resolution 6.

That the resolution approved January thirty-first, eighteen hundred and sixty-eight, entitled "A resolution limiting contracts for stationery and other supplies in the Executive Departments to one year," shall not be held, or construed, to apply to, or include, mail bags, mail locks and keys, postal cards, postage stamps, newspaper wrappers, or stamped envelopes.

Approved March 24, 1874.

Extra compensation or perquisites forbidden.
1874, June 20, ch. 328, § 3; 1 Supp., 18.

No civil officer of the Government shall hereafter receive any compensation or perquisites, directly or indirectly, from the Treasury or property of the United States beyond his salary or compensation allowed by law.

Approved June 20, 1874.

Unexpended balances of appropriations.
1874, June 20, ch. 328, § 5; 1 Supp., 18.

* * * The Secretary of the Treasury shall cause all unexpended balances of appropriations which shall have remained upon the books of the Treasury for two fiscal years to be carried to the surplus fund and covered into the Treasury. * * *

Approved June 20, 1874.

Advertisements for proposals.
R. S., § 3709.

In exigencies, etc., purchases in open market.

All purchases and contracts for supplies or services, in any of the Departments of the Government, except for personal services, shall be made by advertising a sufficient time previously for proposals respecting the same, when the public exigencies do not require the immediate delivery of the articles, or performance of the service. When immediate delivery or performance is required by the public exigency, the articles or service required may be procured by open purchase or contract, at the places and in the manner in which such articles are usually bought and sold, or such services engaged, between individuals.

Note.

NOTE.—R. S., § 3709, has been amended, but the above is the original section. (See act of January 27, 1894, ch. 22, and act of April 21, 1894, ch. 61, for amendment.)

Approved June 22, 1874.

Sufficiency of sureties—postmaster's certificate as to.
R. S., § 3947.

False certificate.
—penalty.

Any postmaster or other officer of the Post-Office Department who shall affix his signature to the certificate of sufficiency of guarantors or sureties before the guarantee or contract is signed by the guarantors or sureties, or shall knowingly make any false or illusory certificate, shall be forthwith dismissed from office, and shall be deemed guilty of misdemeanor, and be punishable by a fine of not more than one thousand dollars, or by imprisonment for not more than one year, or by both.

Approved June 23, 1874.

Proposals to be accompanied by bond.
1874, June 23, ch. 456, § 12; 1 Supp., 44.
18 Stat. L., 235.

Conditions of bond.

—that service shall be performed.

—liability for failure.

Every proposal for carrying the mail shall be accompanied by the bond of the bidder, with sureties approved by a postmaster, and in cases where the amount of the bond exceeds five thousand dollars, by a postmaster of the first, second, or third class, in a sum to be designated by the Postmaster-General in the advertisement of each route; to which bond a condition shall be annexed, that if the said bidder shall, within such time after his bid is accepted as the Postmaster-General shall prescribe, enter into a contract with the United States of America, with good and sufficient sureties, to be approved by the Postmaster-General, to perform the service proposed in his said bid, and, further, that he shall perform the said service according to his contract, then the said obligation to be void, otherwise to be in full force and obligation in law; and in case of failure of any bidder to enter into such contract to perform the service, or, having executed a contract, in case of failure to perform the service, according to his contract, he and his sureties shall be liable for the amount of said bond as liquidated damages, to be re-

covered in an action of debt on the said bond. No proposal shall be considered unless it shall be accompanied by such bond, and there shall have been affixed to said proposal the oath of the bidder, taken before an officer qualified to administer oaths, that he has the ability, pecuniarily, to fulfill his obligations, and that the bid is made in good faith, and with the intention to enter into contract and perform the service in case his bid is accepted.

Proposals without bond not to be considered.
Oath of bidder, —what to contain.

Approved June 23, 1874.

Any postmaster who shall affix his signature to the approval of any bond of a bidder, or to the certificate of sufficiency of sureties in any contract, before the said bond or contract is signed by the bidder or contractor and his sureties, or shall knowingly, or without the exercise of due diligence, approve any bond of a bidder with insufficient sureties, or shall knowingly make any false or fraudulent certificate, shall be forthwith dismissed from office, and be thereafter disqualified from holding the office of postmaster, and shall also be deemed guilty of a misdemeanor, and, on conviction thereof, be punished by a fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or both.

Unlawful approval, by postmaster, of bond or certificate of bidder.
1874, June 23, ch. 456, § 12; 1 Supp., 45.
18 Stat. L., 235.
—penalty.

Approved June 23, 1874.

The postage on each copy of the daily Congressional Record mailed from the city of Washington as transient matter shall be one cent.

Postage on transient copies Congressional Record.
1874, June 23, ch. 456, § 13; 1 Supp., 45.
18 Stat. L., 237.

Approved June 23, 1874.

When the amount of mail matter to be carried on any mail route is so great as to seriously retard the progress or endanger the security of the letter mail, or materially increase the cost of carriage at the ordinary rate of speed, the Postmaster-General may provide for the separate carriage of the letter mail at the usual rate of speed; but the other mail matter shall not be delayed any more than is absolutely necessary, having due regard to the cost of expedition and the means at his disposal for effecting the same.

Mail retarded on account of bulk.
R. S., § 3994.
—when letters may be carried separately.

Approved February 18, 1875.

The payee of a money order may, by his written indorsement thereon, direct it to [be] paid to any other person, and the postmaster on whom it is drawn shall pay the same to the person thus designated, provided he shall furnish such proofs as the Postmaster-General may prescribe that the indorsement is genuine, and that he is the person empowered to receive payment; but more than one indorsement shall render an order invalid and not payable, and the holder, to obtain payment, must apply in writing to the Postmaster-General for a new order in lieu thereof, returning the original order, and making such proof of the genuineness of the indorsements as the Postmaster-General may require.

Transfer of orders.
R. S., § 4037.
—upon payee's indorsement.
More than one indorsement invalidates order.
When order is invalidated by indorsements, how secured.

Approved February 18, 1875.

The circuit courts (of the United States) shall have original jurisdiction as follows: * * *

Twentieth. Exclusive cognizance of all crimes and offenses cognizable under the authority of the United States, except where it is or may be otherwise provided by law, and concurrent jurisdiction with the district courts of crimes and offenses cognizable therein.

Circuit courts, jurisdiction—original and concurrent.
R. S., § 629.

Approved February 19, 1875.

There shall be connected with the Department of the Treasury six auditors of accounts, who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be known as the First, Second, Third, Fourth, Fifth, and Sixth Auditors, respectively. Each Auditor is entitled to a salary of four thousand dollars a year.

Auditor for the Post-Office Department.
R. S., § 276.
—appointment of.

Approved March 3, 1875.

Accounts of Department, audited and preserved by Auditor.
R. S., § 277.

Seventh. Th Sixth Auditor shall receive all accounts arising in th Post-Office Department, or relative thereto, with the vouchers necessary to a correct adjustment thereof, and shall audit and settle the same and certify the balances thereon to the Postmaster-General. He shall keep and preserve all accounts and vouchers after settlement. He shall close the account of the Department quarterly, and transmit to the Secretary of the Treasury quarterly statements of its receipts and expenditures. He shall report to the Postmaster-General, when required to do so, the manner and form of keeping and stating the accounts of the Department, and the official forms of papers to be used in connection with its receipts and expenditures. He shall report to the Postmaster-General all delinquencies of postmasters in rendering their accounts and returns, or in paying over money-order funds and other receipts at their offices. He shall register, charge, and countersign all warrants upon the Treasury for receipts or payments issued by the Postmaster-General, when warranted by law. He shall perform such other duties in relation to the financial concerns of the Department as may be assigned to him by the Secretary of the Treasury, and make to the Secretary or to the Postmaster-General such reports respecting the same as either of them may require.

—to make quarterly settlements.
—to report manner of keeping accounts, when.
—to report delinquent postmasters.
—to countersign warrants.
Reports.

Approved March 3, 1875.

District courts, jurisdiction.
R. S., § 563.

The district courts (of the United States) shall have jurisdiction as follows:

First. Of all crimes and offenses cognizable under the authority of the United States, committed within their respective districts, or upon the high seas, the punishment of which is not capital. * * *

Approved March 3, 1875.

Limit of weight.
R. S., § 3879.
—exception.

No package weighing more than four pounds shall be received for conveyance by mail, except books published or circulated by order of Congress.

Approved March 3, 1875.

Money orders, amount of—fees.
R. S., § 4032.

No money order shall be issued for more than fifty dollars, and the fees therefor shall be, for orders not exceeding ten dollars, five cents; exceeding ten and not exceeding twenty dollars, ten cents; exceeding twenty and not exceeding thirty dollars, fifteen cents; exceeding thirty and not exceeding forty dollars, twenty cents; exceeding forty dollars, twenty-five cents. (See Act March 3, 1883, c. 123, sec. 3.) (22 Stat., 527.)

Approved March 3, 1875.

Salary of postmaster at New York.
1875, Mar. 3, ch. 128, 1 Supp., 70. See 1883, Mar. 3, ch. 142, § 4, 1 Supp., 420

The salary of the postmaster at the city of New York, New York * * * (shall be) eight thousand dollars per annum.

Approved March 3, 1875.

Mails, how and when to be weighed.
1875, Mar. 3, ch. 128, § 1; 1 Supp., 70.
18 Stat. L., 341.
Expenses of taking weights.
Ib.

* * * (The Postmaster-General) is hereby directed to have the mails weighed, as often as now provided by law, by the employees of the Post-Office Department, and have the weights stated and verified to him by said employees under such instructions as he may consider just to the Post-Office Department and the railroad companies.

Out of the appropriation for inland mail transportation the Postmaster-General is authorized hereafter to pay the expenses of taking the weights of mails on railroad routes.

Approved March 3, 1875.

Accounts of Auditor.
—to show expenditures under each appropriation.
1875, Mar. 3, ch. 128, § 4, 1 Supp., 70. See 1890, Sept. 30, ch. 1126, 1 Supp., 811.

The Sixth Auditor shall keep the accounts in his office so as to show the expenditures of the Post-Office Department under each item of appropriation provided by law.

Approved March 3, 1875.

Congressional Record.
1875, Mar. 3, ch. 128, § 5, 1 Supp., 70.
—may be carried free under written frank of member of Congress or delegate.

The Congressional Record, or any part thereof, or speeches or reports therein contained, shall, under the frank of a member of Congress, or delegate, to be written by himself, be carried in the mail free of postage, under such regulations as the Postmaster-General may prescribe.

Approved March 3, 1875.

Seeds and agricultural reports.
1875, Mar. 3, ch. 128, § 7, 1 Supp., 70.
—may be sent free by Secretary of Agriculture, members of Congress, and delegates.
18 Stat. L., 343.

Seeds transmitted by the Commissioner (Secretary) of Agriculture, or by any member of Congress or delegate receiving seeds for distribution from said Department, together with agricultural reports emanating from that Department, and so transmitted, shall, under such regulations as the Postmaster-General shall prescribe, pass through the mails free of charge. And the provisions of this section shall apply to ex-members of Congress and ex-delegates for the period of nine months after the expiration of their terms as members and delegates.

Approved March 3, 1875.

Embezzlement of money of the United States, etc.
1875, Mar. 3, ch. 144, 1 Supp., 88.
18 Stat. L., 479.
Having in possession or carrying into another district money embezzled.
—penalty.

Any person who shall embezzle, steal, or purloin any money, property, record, voucher, or valuable thing whatever, of the moneys, goods, chattels, records, or property of the United States, shall be deemed guilty of felony, and on conviction thereof before the district or circuit court of the United States in the district wherein said offense may have been committed, or into which he shall carry or have in possession of said property so embezzled, stolen, or purloined, shall be punished therefor by imprisonment at hard labor in the penitentiary not exceeding five years, or by a fine not exceeding five thousand dollars, or both, at the discretion of the court before which he shall be convicted.

Approved March 3, 1875.

Receiving stolen money or property.
1875, Mar. 3, ch. 144, § 2, 1 Supp., 89.
18 Stat. L., 479.
—penalty.

If any person shall receive, conceal, or aid in concealing, or have, or retain in his possession with intent to convert to his own use or gain, any money, property, record, voucher, or valuable thing whatever, of the moneys, goods, chattels, records, or property of the United States, which has theretofore been embezzled, stolen, or purloined from the United States by any other person, knowing the same to have been so embezzled, stolen, or purloined, such person shall, on conviction before the circuit or district court of the United States in the district wherein he may have such property, be punished by a fine not exceeding five thousand dollars, or imprisonment at hard labor in the penitentiary not exceeding five years, one or both, at the discretion of the court before which he shall be convicted. And such receiver may be tried either before or after the conviction of the principal felon, but if the party has been convicted, then the judgment against him shall be conclusive evidence in the prosecution against such receiver that the property of the United States therein described has been embezzled, stolen, or purloined.

Approved March 3, 1875.

Claims, etc., against United States.
1875, Mar. 3, ch. 149, 1 Supp., 90.
18 Stat. L., 481.
—amount to be withheld where claimant indebted to United States.

When any final judgment recovered against the United States or other claim duly allowed by legal authority shall be presented to the Secretary of the Treasury for payment, and the plaintiff or claimant therein shall be indebted to the United States in any manner, whether as principal or surety, it shall be the duty of the Secretary to withhold payment of an amount of such judgment or claim equal to the debt thus due to the United States; and if such plaintiff or claimant assents to such set-off, and discharges his judgment or an amount thereof equal to said debt or claim, the Secretary shall execute a discharge of the debt due from the plaintiff to the United States.

—proceedings where indebtedness denied.

But if such plaintiff, or claimant, denies his indebtedness to the United States, or refuses to consent to the set-off, then the Secretary shall withhold payment of such further amount of such judgment, or claim, as in his opinion will be sufficient to cover all legal charges and costs in prosecuting the debt of the United States to final judgment.

Financial condition to be shown by report of Auditor.
1876, July 12, ch. 179, § 4, 1 Supp., 110.
19 Stat. L., 80.

The annual reports for the Auditor for the Post-Office Department to the Postmaster-General shall show the financial condition of the Post-Office Department at the close of each fiscal year, and be made a part of the Postmaster-General's annual report to Congress for that fiscal year.

Approved July 12, 1876.

Classification of postmasters.
1876, July 12, ch. 179, § 5, 1 Supp., 110.
19 Stat. L., 80.
—first class.
—second class.
—third class.
—fourth class.

Postmasters shall be divided into four classes, as follows:

The first class shall embrace all those whose annual salaries are three thousand dollars or more than three thousand dollars;

The second class shall embrace all those whose annual salaries are less than three thousand dollars, but not less than two thousand dollars;

The third class shall embrace all those whose annual salaries are less than two thousand dollars, but not less than one thousand dollars;

The fourth class shall embrace all postmasters whose annual compensation, exclusive of their commissions on the money-order business of their offices, amounts to less than one thousand dollars.

Approved July 12, 1876.

Appointment and removal of postmasters.
1876, July 12, ch. 179, § 6, 1 Supp., 110.
19 Stat. L., 80.
—of first, second, and third classes
—of fourth class.

Postmasters of the first, second, and third classes shall be appointed and may be removed by the President, by and with the advice and consent of the Senate, and shall hold their offices for four years unless sooner removed or suspended according to law; and postmasters of the fourth class shall be appointed and may be removed by the Postmaster-General, by whom all appointments and removals shall be notified to the Auditor for the Post-Office Department.

Approved July 12, 1876.

Land-grant roads.
1876, July 12, ch. 179, § 13, 1 Supp., 110.
19 Stat. L., 82.
—rate of compensation to.

Railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress on the condition that the mails should be transported over their road at such price as Congress should by law direct shall receive only eighty per centum of the compensation authorized by this act.

Approved July 12, 1876.

Stamped envelopes sold at cost.
July 12, 1876, ch. 179, § 14, 19 Stat. L., 82.

No stamped envelopes or newspaper wrappers shall be sold by the Post-Office Department at less (in addition to the legal postage) than the cost, including all salaries, clerk hire, and other expenses connected therewith.

Approved July 12, 1876.

Postal cards.
—address labels on.
1876, July 12, ch. 179, § 15, 1 Supp., 110.
19 Stat. L., 82.

Addresses upon postal cards * * * may be either written, printed, or affixed thereto, at the option of the sender.

Approved July 12, 1876.

Guarantee of proposals.
R. S., § 3945.

Every proposal for carrying the mail shall be accompanied by a written guarantee, signed by one or more responsible persons, and undertaking that, within such time after the bid is accepted as the Postmaster-General may prescribe, the bidder will enter into an obligation with good and sufficient sureties, to perform the service proposed; and no proposals shall be considered unless accompanied by such guarantee.

Approved August 11, 1876.

Oath of bidder for carrying mail
R. S., § 3946.

Each bid for carrying the mail shall hereafter have affixed to it the oath of the bidder, taken before an officer qualified to administer oaths, that he has the pecuniary ability to fulfill his obligations, and that the bid is made in good faith and with the intention to enter into contract and perform the service, in case his bid shall be accepted; and that the signatures of his guarantors are genuine, and that he believes the guarantors pecuniarily responisble for and able to pay all damages the United States shall suffer by reason of the bidder's failing to perform his obligations as such bidder.

Approved August 11, 1876.

Carrying mail — proceedings on failure of bidder or contractor. R. S., § 3951.

After any regular bidder or contractor for the transportation of the mail upon any route shall have failed to enter into contract, and commence the performance as herein provided, the Postmaster-General shall proceed to contract with the next lowest bidder for such service, who will enter into a contract and perform the same, unless the Postmaster-General shall consider such bid too high, in which case he shall readvertise such service. And in all cases of regular contracts hereafter made the contract may, in the discretion of the Postmaster-General, be continued in force beyond its express terms for a period not exceeding six months, until a new contract with the same or other contractors shall be made by the Postmaster-General. The Postmaster-General may contract, without advertisement, for a period not to exceed twelve months, for the carriage of the mail on such route during the time that shall necessarily elapse between the failure of either of the accepted bidders to enter into a contract and the time when the next accepted bidder under the old or a new advertisement shall enter upon his contract; and the difference between the price proposed in the accepted bid and that paid for intermediate service shall be charged to the failing bidder or bidders, and may be recovered in the name of the United States for the use of the Post-Office Department, in an action on the case. And when the contract shall be made and concluded, the difference between the accepted bid of the failing bidders and the amount payable under the contract for the service of two years shall be forthwith charged against the failing bidder or bidders; and an action for such sum in the nature of liquidated damages shall accrue to the United States for the use of the Post-Office Department immediately upon the execution of the final contract. And both causes of action mentioned in this section may be joined in one suit.

Extension of contracts—for six months, authorized.

Approved August 11, 1876.

Carrying mail—failure to enter into contract. R. S., § 3954.

[Any person or persons bidding for the transportation of the mails upon any route which may be advertised to be let, and receiving an award of the contract for such service, who shall wrongfully refuse or fail to enter into contract with the Postmaster-General in due form, and perform the service described in his or their bid or proposal, shall be deemed guilty of a misdemeanor, and be punishable by a fine of not more than five thousand dollars, and by imprisonment for not more than twelve months.] [Any person or persons bidding for the transportation of the mails upon any route which may be advertised to be let, and receiving an award of the contract for such service, who shall wrongfully refuse or fail to enter into contract with the Postmaster-General in due form to perform the service described in his or their bid or proposal, or having entered into such contract shall wrongfully refuse or fail to perform such service, shall, for any such failure or refusal, be deemed guilty of a misdemeanor, and be punished by a fine of not more than five thousand dollars, and by imprisonment for not more than twelve months. And the failure or refusal of any such person or persons to enter into such contract in due form, or having entered into such contract the failure or refusal to perform such service, shall be prima facie evidence in all actions or prosecutions arising under this section that such failure or refusal was wrongful.]

—penalty.

—penalty.

Approved August 11, 1876.

Sureties on bonds of bidders. 1876, Aug. 11, ch. 260, 1 Supp., 116. 19 Stat. L., 129.

Before the bond of a bidder (for carrying the mail) * * * is approved, there shall be indorsed thereon the oaths of the sureties therein, taken before an officer qualified to administer oaths, that they are owners of real estate worth in the aggregate a sum double the amount of said bond, over and above all debts due and owing by them, and all judgments, mortgages, and executions against them, after allowing all exemptions of every character whatever. Accompanying said bond, and as a part thereof, there shall be a series of interrogatories, in print or writing, to be prescribed by the Postmaster-General, and answered by the sureties under oath, showing the amount of real estate owned by them, a brief description thereof, and its probable value, where it is situated, in what county and State the record evidence of their title

—oath to be taken by.

—qualification of.

—interrogatories to be answered by.

Penalty for false swearing.

exists. And if any surety shall knowingly and willfully swear falsely to any statement made under the provisions of this section he shall be deemed guilty of perjury, and, on conviction thereof, be punished as is provided by law for commission of the crime of perjury. (See R. S., § 5392.)

Approved August 11, 1876.

Failure of bidder to enter into contract or contractor to commence service.
1876, Aug. 11, ch. 260, 1 Supp., 116.
19 Stat. L., 129.
—new contract in case of.

* * * After any regular bidder whose bid has been accepted shall fail to enter into contract for the transportation of the mails according to his proposals, or having entered into contract shall fail to commence the performance of the service stipulated in his or their contract as therein provided, the Postmaster-General shall proceed to contract with the next lowest bidder or bidders in the order of their bids, for the same service, who will enter into a contract for the performance thereof, unless the Postmaster-General shall consider such bid or bids too high, and in case each of said bids shall be considered too high, then the Postmaster-General shall be authorized to enter into contract, at a price less than that named in said bids, with any person, whether a bidder or not, who will enter into contract to perform the service in accordance with the terms and provisions prescribed for the execution of other contracts for similar service, and in case no satisfactory contract can be thus obtained, he shall readvertise such route.

Approved August 11, 1876.

Failure of contractor to perform service.
1876, Aug. 11, ch. 260, 1 Supp., 117.
—new contract in case of.

* * * If any bidder whose bid has been accepted, and who has entered into a contract to perform the service according to his proposal, and in pursuance of his contract has entered upon the performance of the service, to the satisfaction of the Postmaster-General, shall subsequently fail or refuse to perform the service according to his contract, the Postmaster-General shall proceed to contract with the next lowest bidder for such service, under the advertisement thereof (unless the Postmaster-General shall consider such bid too high), who will enter into contract and give bond, with sureties to be approved by the Postmaster-General, for the faithful performance thereof, in the same penalty and with the same terms and condition thereto annexed as were stated and contained in the bond which accompanied his bid; and in case said next lowest bidder shall decline to enter into contract for the performance of such service, then the Postmaster-General may award the service to, and enter into contract with, any person, whether a bidder on said route or not, who will enter into contract to perform the service and execute a bond of like tenor and effect as that required of bidders, in a penalty to be prescribed, and with sureties to be approved by the Postmaster-General, for the performance of the service contracted to be performed at a price not exceeding that named in the bid of the said next lowest bidder; and if no contract can be secured at the price named in said next lowest bid, then the Postmaster-General shall proceed to secure a contract, at a price not considered too high, with any person who will execute such contract in accordance with the law applicable thereto, giving, in all cases, the preference to the regular bidders on the list whose bids do not exceed the price at which others will contract therefor; and if no satisfactory contract can be thus secured, the route shall be readvertised.

Approved August 11, 1876.

Temporary contract.
1876, Aug. 11, ch. 260, 1 Supp., 117; 1879, June 12, ch. 20, 1 Supp., 266.
—where bidder fails to sign contract.
—on new route, etc.
—how secured.
—cost of.

Whenever an accepted bidder shall fail to enter into contract, or a contractor on any mail route shall fail or refuse to perform the service on said route according to his contract, or when a new route shall be established or new service required, or when, from any other cause, there shall not be a contractor legally bound or required to perform such service, the Postmaster-General may make a temporary contract for carrying the mail on such route, without advertisement, for such period as may be necessary, not in any case exceeding one year, until the service shall have commenced under a contract made according to law: *Provided, however*, That the Postmaster-General shall not employ temporary service on any route at a higher price than that paid to the contractor who shall have performed the service during the last preceding contract term.

Approved August 11, 1876.

Failure to enter into or perform contract for mail service.
1876, Aug. 11, ch. 260, 1 Supp., 118.
—penalty.
Prima facie evidence of violation, what to constitute.

Any person or persons bidding for the transportation of the mails upon any route which may be advertised to be let, and receiving an award of the contract for such service, who shall wrongfully refuse or fail to enter into contract with the Postmaster-General in due form to perform the service described in his or their bid or proposal, or having entered into such contract shall wrongfully refuse or fail to perform such service, shall, for any such failure or refusal, be deemed guilty of a misdemeanor, and be punished by a fine of not more than five thousand dollars, and by imprisonment for not more than twelve months. And the failure or refusal of any such person or persons to enter into such contract in due form, or having entered into such contract the failure or refusal to perform such service, shall be prima facie evidence in all actions or prosecutions arising under this section that such failure or refusal was wrongful.

Approved August 11, 1876.

Regulations.
R. S., § 161.
—Postmaster-General may prescribe.

The head of each Department is authorized to prescribe regulations, not inconsistent with law, for the government of his Department, the conduct of its officers and clerks, the distribution and performance of its business, and the custody, use, and preservation of the records, papers, and property appertaining to it.

Approved August 15, 1876.

Dismissal of employees—soldiers.
—and widows and orphans of, to be retained in service, when.
1876, Aug. 15, ch. 287, § 3, 1 Supp., 120.

In making any reduction of force in any of the Executive Departments, the head of such Department shall retain those persons who may be equally qualified who have been honorably discharged from the military or naval service of the United States, and the widows and orphans of deceased soldiers and sailors.

Approved August 15, 1876.

Disbursing officers to deposit.
R. S., § 3620.
—with whom.
Transfers.

It shall be the duty of every disbursing officer having any public money intrusted to him for disbursement to deposit the same with the Treasurer or some one of the assistant treasurers of the United States and to draw for the same only as it may be required for payments to be made by him in pursuance of law (and draw for the same only in favor of the persons to whom payment is made); and all transfers from the Treasurer of the United States to a disbursing officer shall be by draft or warrant on the Treasury or an assistant treasurer of the United States. * * *

Approved February 27, 1877.

Contracts to contain clause that Members of Congress shall not be interested.
R. S., § 3741.
Note.

In every such contract or agreement to be made or entered into or accepted by or on behalf of the United States there shall be inserted an express condition that no Member of (or Delegate to) Congress shall be admitted to any share or part of such contract or agreement or to any benefit to arise thereupon.

NOTE.—See R. S., § 3739, which provides that Members of Congress shall not be interested in contracts.

Approved February 27, 1877.

Assistant Postmasters-General.
R. S., § 389.
—term of office of.

There shall be in the Post-Office Department three Assistant Postmasters-General, who shall be appointed by the President, by and with the advice and consent of the Senate, and who may be removed in the same manner and who shall be entitled to a salary of four thousand dollars a year each.

Approved March 3, 1877.

General duties of the Postmaster-General.
R. S., § 396.
Post-offices.
Employees.
Official papers.
Finances.

It shall be the duty of the Postmaster-General:

First. To establish and discontinue post-offices.

Second. To instruct all persons in the postal service with reference to their duties.

Third. To decide on the forms of all official papers.

Fourth. To prescribe the manner of keeping and stating accounts.

Fifth. To enforce the prompt rendition of returns relative to accounts.

Sixth. To control, according to law and subject to the settlement of the Auditor for the Post-Office Department, all expenses incident to the service of the Department.

Seventh. To superintend the disposal of the moneys of the Department.

Eighth. To direct the manner in which balances shall be paid over; issue warrants to cover money into the Treasury, and to pay out the same.

General supervision of Department and postal service.

Ninth. To superintend generally the business of the Department and execute all laws relative to the postal service.

Note: Miscellaneous duties not connected with postal service.

NOTE.—As to certain duties of the Postmaster-General not directly connected with the postal service, see Title One, ch. 15 (Government telegrams); R. S., § 3734 (approval of plans for public buildings); R. S., §§ 5579 and 5585 (as member of Smithsonian Institution).

Approved March 3, 1877.

Newspapers, rates of postage. R. S., § 3872.

The rate of postage on newspapers, excepting weeklies, periodicals not exceeding two ounces in weight, and circulars, when the same are deposited in a letter-carrier office for delivery by the office or its carriers, shall be uniform at one cent each; but periodicals weighing more than two ounces shall be subject to a postage of two cents each, and these rates shall be prepaid by stamps.

Approved March 3, 1877.

Third-class matter, payment of postage on. R. S., § 3897.

All mail matter of the third class must be prepaid in full in postage stamps at the office of mailing.

Approved March 3, 1877.

Letters, postage on. R. S., § 3903.

On all mail matter which is wholly or partly in writing, except book manuscripts and corrected proofs passing between authors and publishers, and local or drop letters; on all printed matter which is so marked as to convey any other or further information than is conveyed by the original print, except the correction of mere typographical errors; on all matter which is sent in violation of law or the regulations of the Department respecting inclosures; and on all matter to which no specific rate of postage is assigned, postage shall be charged at the rate of three cents for each half ounce or fraction thereof.

Approved March 3, 1877.

Printed matter, postage on. R. S., § 3905.

On newspapers and other periodical publications, not exceeding four ounces in weight, sent from a known office of publication to regular subscribers, postage shall be charged at the following rates per quarter, namely: On publications issued less frequently than once a week, at the rate of one cent for each issue; issued once a week, five cents; and five cents additional for each issue more frequent than once a week. And an additional rate shall be charged for each additional four ounces or fraction thereof in weight.

Approved March 3, 1877.

Bonds of postmasters—approval of. Act Mar. 3, 1877, ch. 103, sec. 2, 19 Stat. L., 335.

That from and after the passage of this act the bonds of all postmasters may by the direction of the Postmaster-General be approved and accepted, and the approval and acceptance signed by the First Assistant Postmaster-General in the name of the Postmaster-General.

Approved March 3, 1877.

Signing of contracts. 1877, Mar. 3, ch. 103, §§ 2-4, 1 Supp., 135. First Asst. P. M. G.

All contracts for stationery, wrapping paper, letter balances, scales, and street letter boxes, for the use of the postal service may be signed * * * by the First Assistant Postmaster-General in the place and stead of the Postmaster-General, and his signature shall be attested by the seal of the Post-Office Department.

Signing of contracts for supplies.
—street letter boxes.
Second Asst. P. M. G.
—for mail transportation.
—mail bags, keys, etc.
Third Asst. P. M. G.
—for stamps, stamped paper, etc.
—official envelopes, etc.

The Second Assistant Postmaster-General on the order of the Postmaster-General may sign with his name, in the place and stead of the Postmaster-General, and attest his signature by the seal of the Post-Office Department, all contracts made in the said Department for mail transportation and for supplies of mail bags, mail catchers, mail locks, and keys, and all other articles necessary and incidental to mail transportation.

The Third Assistant Postmaster-General, when directed by the Postmaster-General, may also sign, in his name, in the place and stead of the Postmaster-General, and attest his signature by the seal of the Post-Office Department, all contracts for supplies of postage stamps, stamped envelopes, newspaper wrappers, postal cards, registered-package envelopes, locks, seals, and official envelopes for the use of postmasters, and return of dead letters, that may be required for the postal service.

Approved March 3, 1877.

Official or penalty envelopes.
-1877, Mar. 3, ch. 103, § 5, 1 Supp., 135.
—use of, who entitled to.
(See also 1884, July 5, ch. 234, § 3, 1 Supp., 467. 1886, July 2, ch. 611, 1 Supp., 500. 1894, Aug. 18, ch. 301, 2 Supp., 257. 1897, Feb. 20, ch. 268, 2 Supp., 558.)
—indorsements on.
—penalty for unlawful use.

It shall be lawful (for all officers of the United States Government, not including Members of Congress, and the Smithsonian Institution, the National Home for Disabled Volunteer Soldiers, and the Bureau of the American Republics, established in Washington) to transmit through the mail, free of postage, any letters, packages, or other matters relating exclusively to the business of the Government of the United States (or of such Institution, Home, or Bureau): *Provided*, That every such letter or package to entitle it to pass free shall bear, over the words "Official business" an endorsement showing also the name of the Department, and if from a bureau or office (or officer), the names of the Department and Bureau or office (or officer), as the case may be, whence transmitted (with a statement of the penalty for their misuse). And if any person shall make use of any such official envelope to avoid the payment of postage on his private letter, package, or other matter in the mail, the person so offending shall be deemed guilty of a misdemeanor, and subject to a fine of three hundred dollars, to be prosecuted in any court of competent jurisdiction.

Approved March 3, 1877.

Subletting of contracts.
1878, May 17, ch. 107, § 2, 1 Supp., 165.
—Postmaster-General may authorize.
—in case of, without permission, to be annulled.

No sub-letting or transfer of any mail contracts shall be permitted without the consent in writing of the Postmaster-General; and whenever it shall come to the knowledge of the Postmaster-General that any contractor has sub-let or transferred his contract, except with the consent of the Postmaster-General as aforesaid, the same shall be considered as violated and the service may be again advertised as herein provided for; and the contractor and his sureties shall be liable on their bond to the United States for any damage resulting to the Unted States in the premises.

Approved May 17, 1878.

Manner of subletting contracts.
1878, May 17, ch. 107, § 3, 1 Supp., 165.
Copy of contract to be filed.
Auditor to be notified.
Auditor to pay subcontractor.

When any person or persons being under contract with the Government of the United States for carrying the mails shall lawfully sub-let any such contract, or lawfully employ any other person or persons to perform the service by such contractor agreed to be performed, or any part thereof, he or they shall file in the office of the Second Assistant Postmaster-General a copy of his or their contract; and thereupon it shall be the duty of the Second Assistant Postmaster-General to notify the Auditor for the Post-Office Department of the fact of the filing in his office of such contract. Said notice shall embrace the name or names of the original contractor or contractors, the number of the route or routes, the name or names of the sub-contractor or sub-contractors, and the amount agreed to be paid to the sub-contractor or sub-contractors. And upon the receipt of said notice by the Auditor for the Post-Office Department it shall be his duty to retain, out of the amount due the original contractor or contractors, the amount stated in said notice as agreed to be paid to the sub-contractor or sub-contractors, and shall pay said amount, upon the certificate of the Second Assistant Postmaster-General, to the sub-contractor or sub-sontractors, under the same rules and regulations now governing the payments made to original con-

Auditor to pay subcontractor, proviso.

tractors: *Provided*, That upon satisfactory evidence that the original contractor or contractors have paid off and discharged the amount due under his or their contract to the sub-contractor or sub-contractors, it shall be the duty of the Second Assistant Postmaster-General to certify such fact to the Auditor for the Post-Office Department; and thereupon said Auditor shall settle with the original contractor or contractors, under the same rules as are now provided by law for such settlements.

Approved May 17, 1878.

Contracts for service upon domestic water routes where service is new.
1878, May 17, ch. 107, § 5, 1 Supp., 165.
—how made.
—duration of.

* * * The Postmaster-General may contract with the owners or masters of steamships, steamboats, or other vessels plying upon the waters or between ports of the United States for carrying the mails upon such routes where no mail service has previously been performed, without advertising for proposals therefor; but no contract for such new service shall be for a longer time than one year.

Approved May 17, 1878.

Contracts for service upon domestic water routes where service has previously been performed.
1878, May 17, ch. 107, § 5, 1 Supp., 165.
—duration of.
—how made.
Compensation.

When from any cause it may become necessary to make a new contract for carrying the mails upon any water route between the ports of the United States, upon which mail service has previously been performed, the Postmaster-General may contract with the owner or master of any steamship, steamboat, or other vessel plying upon the waters or between ports of the United States, for carrying the mail upon said route for any length of time not exceeding four years and without advertising for proposals therefor whenever the public interest and convenience will thereby be promoted; but the price paid for such service shall in no case be greater than the average price paid under the last preceding or then existing regular contract upon the same route.

Approved May 17, 1878.

Limit of contracts—carrying foreign mails.
1878, May 17, ch. 107, § 5, 1 Supp., 166.

* * * No contract for carrying the mails between the United States and any foreign port shall be for a longer time than two years, unless otherwise directed by Congress.

Approved May 17, 1878.

Claims under exhausted and unavailable appropriations.
1878, June 14, ch. 191, § 4, 1 Supp., 180.

* * * And it shall be the duty of the several accounting officers of the Treasury to continue to receive, examine, and consider the justice and validity of all claims under appropriations the balances of which have been exhausted or carried to the surplus fund under the provisions of said section (act June 20, 1874) that may be brought before them within a period of five years.

Approved June 14, 1878.

Sworn statement to accompany accounts, when.
1878, June 17, ch. 259, 1 Supp., 186.

The Postmaster-General may require a sworn statement to accompany each quarterly account of a postmaster. * * * The form of affidavit to be made by postmasters upon their returns shall be such as may be prescribed by the Postmaster-General. * * *

Approved June 17, 1878.

False returns by postmasters.
1878, June 17, ch. 259, 1 Supp., 186.
Postmaster-General may fix compensation in case of.

That in any case where the Postmaster-General shall be satisfied that a postmaster has made a false return of business, it shall be within his discretion to withhold commissions on such returns, and to allow any compensation that under the circumstances he may deem reasonable. * * *

Approved June 17, 1878.

False returns by postmasters.
1878, June 17, ch. 259, 1 Supp., 186.
—penalty.

* * * Any postmaster who shall make a false return to the Auditor, for the purpose of fraudulently increasing his compensation under the provisions of this or any other act, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be fined in a sum not less than fifty nor more than five hundred dollars, or imprisoned for a term not exceeding one year, or punished by both such fine and imprisonment, in the discretion of the court.

Approved June 17, 1878.

Sale of stamps, envelopes, etc.
1878, June 17, ch. 259, 1 Supp., 187.
See R. S., § 3920.

No postmaster of any class, or other person connected with the postal service, entrusted with the sale or custody of postage stamps, stamped envelopes, or postal cards, shall use or dispose of them in the payment of debts or in the purchase of merchandise or other salable articles, or pledge or hypothecate the same, or sell or dispose of them except for cash, or sell or dispose of postage stamps or postal cards for any larger or less sum than the values indicated on their faces, or sell or dispose of stamped envelopes for a larger or less sum than is charged therefor by the Post-Office Department for like quantities, or sell or dispose of postage stamps, stamped envelopes, or postal cards otherwise than as provided by law and the regulations of the Post-Office Department; and any postmaster, or other person connected with the postal service, who shall violate any of these provisions, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be fined in any sum not less than fifty dollars nor more than five hundred dollars or be imprisoned for a term not exceeding one year.

—to be at face or schedule value, etc.

—penalty for improper.

Approved June 17, 1878.

Compensation to railroads reduced five per cent more.
1878, June 17, ch. 259, § 1, 1 Supp., 187.

The Postmaster-General * * * is hereby authorized and directed to readjust the compensation to be paid from and after the first day of July, eighteen hundred and seventy-eight, for transportation of mails on railroad routes by reducing the compensation to all railroad companies for the transportation of mails five per centum per annum from the rates for the transportation of mails, on the basis of the average weight fixed and allowed by the first section of an act entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June thirtieth, eighteen hundred and seventy-seven, and for other purposes," approved July twelfth, eighteen hundred and seventy-six.

Approved June 17, 1878.

Rates for advertising.
1878, June 20, ch. 359, 1 Supp., 202.
See 1876, July 31, ch. 246, 1 Supp., 114.

All advertisements, notices, proposals for contracts, and all other forms of advertising required by law for the several Departments of the Government may be paid for at a price not to exceed the commercial rates charged to private individuals, with the usual discounts; such rates to be ascertained from sworn statements to be furnished by the proprietors or publishers of the newspapers proposing so to advertise: * * * But the heads of the several Departments may secure lower terms at special rates whenever the public interest requires it.

—not to exceed commercial.

Approved June 20, 1878.

Uniform canceling ink.
1878, June 20, ch. 359, 1 Supp., 203.

The Postmaster-General * * * is hereby authorized to adopt a uniform canceling ink or other appliance for canceling stamps which experiments and tests have proved or may prove to be the most practicable and the best calculated to protect the revenues of the Department from the frauds practiced upon it, to be used in all the post-offices where stamps are canceled; and he is hereby authorized to distribute said canceling ink or other appliance in the same manner as other supplies are now distributed to the different post-offices in the United States. * * *

—may be adopted, when.

—distribution of.

Note.

NOTE.—The remaining portion of the statute relates to funds made available for the purchase of ink, but as the annual appropriation acts contain an item for this purpose it is omitted.

Approved June 20, 1878.

Embezzlement of money or property not otherwise punishable.
1879, Feb. 3, ch. 42, 1 Supp., 213.

* * * Any officer of the United States, or any assistant of such officer, who shall embezzle or wrongfully convert to his own use any money or property which may have come into his possession or under his control in the execution of such office or employment, or under color or claim of authority as such officer or assistant, whether the same shall be the money or property of the United States or of some other person or party, shall, where the offense is not otherwise punishable by some statute of the United States, be punished by a fine equal to the value of the money and property thus embezzled or converted, or by imprisonment not less than three months nor more than ten years, or by both such fine and imprisonment.

—penalty.

Approved February 3, 1879.

Deficiencies in postmasters' accounts.
1879, Feb. 4, ch. 45, 1 Supp., 214.
—to be reported to Postmaster-General.
—sureties to be notified.

When a deficiency shall be discovered in the accounts of any postmaster, who after the adjustment of his accounts fails to make good such deficiency, it shall be the duty of the Auditor for the Post-Office Department to notify the Postmaster-General of such failure, and upon receiving such notice the Postmaster-General shall forthwith deposit a notice in the post-office at Washington, District of Columbia, addressed to the sureties respectively upon the bonds of said postmaster, at the office where he or they may reside, if known. But a failure to give or mail such notice shall not discharge such surety or sureties upon such bonds.

Approved February 4, 1879.

Postal-car service.
1879, Mar. 3, ch. 180, 1 Supp., 245.
—report of increase or diminution of.

In case any increase or diminution of service by postal cars shall be made by (the Postmaster-General), the reasons therefor shall be given in his annual report next succeeding such increase or diminution.

Approved March 3, 1879.

Estimates for railway mail service.
1879, Mar. 3, ch. 180, 1 Supp., 245.

* * * In making his estimate for railway mail service, the Postmaster-General shall separate the estimate for postal-car service from the general estimates.

Approved March 3, 1879.

Carrying mail by private express forbidden.
—exception.
1879, Mar. 3, ch. 180, 1 Supp., 245.

Nothing contained in section 3982 of the Revised Statutes shall be construed as prohibiting any person from receiving and delivering to the nearest post-office or postal car mail matter properly stamped.

Approved March 3, 1879.

Cap or badge to be worn by postal clerks.
1879, Mar. 3, ch. 180, 1 Supp., 245.

(Railway) postal clerks * * * shall not be required to wear uniform other than a cap or badge.

Approved March 3, 1879.

Postmaster General to decide what trains shall carry mails.
1879, Mar. 3, ch. 180, § 3, 1 Supp., 246.

The Postmaster-General shall, in all cases, decide upon what trains and in what manner the mails shall be conveyed.

Approved March 3, 1879.

Style, character, and equipment of post-office cars.
1879, Mar. 3, ch. 180, § 4, 1 Supp., 246.

All cars or parts of cars used for the railway mail service shall be of such style, length, and character, and furnished in such manner as shall be required by the Postmaster-General, and shall be constructed, fitted up, and maintained, heated, and lighted by and at the expense of the railroad companies.

Approved March 3, 1879.

Companies to furnish Department with data relative to operations.
1879, Mar. 3, ch. 180, § 6, 1 Supp., 246.
Postmaster-General to make recommendation on such information.

The Postmaster-General shall request all railroad companies transporting the mails to furnish, under seal, such data relating to the operating, receipts, and expenditures of such roads as may, in his judgment, be deemed necessary to enable him to ascertain the cost of mail transportation and the proper compensation to be paid for the same; and he shall, in his annual report to Congress, make such recommendations, founded on the information obtained under this section, as shall, in his opinion, be just and equitable.

Approved March 3, 1879.

Classification of mail matter.
1879, Mar. 3, ch. 180, § 7, 1 Supp., 246.

Mailable matter shall be divided into four classes:
First, Written matter;
Second, Periodical publications;
Third, Miscellaneous printed matter;
Fourth, Merchandise.

Approved March 3, 1879.

First-class matter.
1879, Mar. 3, ch. 180, § 8, 1 Supp., 246.
—defined

Mailable matter of the first class shall embrace letters, postal cards, and all matters wholly or partly in writing, except as hereinafter provided.

Approved March 3, 1879.

The Postmaster-General may * * * provide, by regulation, for transmitting unpaid and duly certified letters of soldiers, sailors, and marines in the service of the United States to their destination, to be paid on delivery.

Approved March 3, 1879.

Soldiers', sailors', and marines' letters.
1879, Mar. 3, ch. 180, § 9, 1 Supp., 246.
—transmission of unpaid.

Postal cards shall be transmitted through the mails at a postage charge of one cent each, including the cost of manufacture.

Approved March 3, 1879.

Rate of postage on postal cards.
1879, Mar. 3, ch. 180, § 9, 1 Supp., 246.

Mailable matter of the second class shall embrace all newspapers and other periodical publications which are issued at stated intervals and as frequently as four times a year and are within the conditions named in sections twelve and fourteen (of this act).

Approved March 3, 1879.

Second-class matter.
1879, Mar. 3, ch. 180, § 10, 1 Supp., 246.
—defined.

SEC. 12. Matter of the second class may be examined at the office of mailing, and if found to contain matter which is subject to a higher rate of postage, such matter shall be charged with postage at the rate to which the inclosed matter is subject: *Provided*, That nothing herein contained shall be so construed as to prohibit the insertion in periodicals of advertisements attached permanently to the same.

Approved March 3, 1879.

Examination at mailing office.
1879, Mar. 3, ch. 180, § 12, 1 Supp., 246.
—for matter subject to higher rate of postage.

SEC. 14. The conditions upon which a publication shall be admitted to the second class are as follows:

Conditions for admission as second-class matter.
1879, Mar. 3, ch. 180, § 14, 1 Supp., 246.

First.—It must regularly be issued at stated intervals, as frequently as four times a year, and bear a date of issue, and be numbered consecutively.

Regularity of issue.

Second.—It must be issued from a known office of publication.

Office of publication.

Third.—It must be formed of printed paper sheets, without board, cloth, leather, or other substantial binding, such as distinguish printed books for preservation from periodical publications.

Formation.

Fourth.—It must be originated and published for the dissemination of information of a public character, or devoted to literature, the sciences, arts, or some special industry, and having a legitimate list of subscribers: *Provided, however*, That nothing herein contained shall be so construed as to admit to the second-class rate regular publications designed primarily for advertising purposes, or for free circulation, or for circulation at nominal rates.

Character of contents.

Subscription list.

Approved March 3, 1879.

Foreign newspapers and other periodicals of the same general character as those admitted to the second class in the United States may, under the direction of the Postmaster-General, on application of the publishers thereof or their agents, be transmitted through the mails at the same rates as if published in the United States. Nothing in this act shall be so construed as to allow the transmission through the mails of any publication which violates any copyright granted by the United States.

Approved March 3, 1879.

Foreign publications.
1879, Mar. 3, ch. 180, § 15, 1 Supp., 247.
—entry of.

Publishers of matter of the second class may, without subjecting it to extra postage, fold within their regular issues a supplement; but in all cases the added matter must be germane to the publication which it supplements; that is to say, matter supplied in order to complete that to which it is added or supplemented, but omitted from the regular issue for want of space, time, or greater convenience, which supplement must in every case be issued with the publication.

Approved March 3, 1879.

Supplements.
1879, Mar. 3, ch. 180, § 16, 1 Supp., 247.
—admitted as second-class matter.
—must be germane to publication.

Mail matter of the third class shall embrace books, transient newspapers and periodicals, circulars, and other matter wholly in print (not included in section twelve of this act), proof sheets, corrected proof sheets, and manuscript copy accompanying the same, and postage

Third-class matter.
1879, Mar. 3, ch. 180, § 17, 1 Supp., 247.

Third-class matter defined. —rate of postage on.

shall be paid at the rate of one cent for each two ounces or fractional part thereof, and shall fully be prepaid by postage stamps affixed to said matter.

Approved March 3, 1879.

Collection of duty on books. 1879, Mar. 3, ch. 180, § 17, 1 Supp., 247.

* * * Books which are admitted to the international mails exchanged under the provisions of the Universal Postal Union Convention may, when subject to customs duty, be delivered to addresses in the United States under such regulations for the collection of duties as may be agreed upon by the Secretary of the Treasury and the Postmaster-General.

Approved March 3, 1879.

Circulars. 1879, Mar. 3, ch. 180, § 18, 1 Supp., 247. —definition and characteristics.

The term "circular" is defined to be a printed letter, which, according to internal evidence, is being sent in identical terms to several persons. A circular shall not lose its character as such, when the date and name of the addressee and of the sender shall be written therein, nor by the correction of mere typographical errors in writing.

Approved March 3, 1879.

Printed matter. 1879, Mar. 3, ch. 180, § 19, 1 Supp., 247. —defined.

"Printed matter" within the intendment of this act is defined to be the reproduction upon paper, by any process except that of handwriting, of any words, letters, characters, figures, or images, or of any combination thereof, not having the character of an actual and personal correspondence.

Approved March 3, 1879.

Postage on matter of fourth class. 1879, Mar. 3, ch. 180, Part 1, § 21, 1 Supp., 248. Examination.

All matter of the fourth class shall be subject to examination and to a postage charge at the rate of one cent an ounce or fraction thereof, to be prepaid by stamps affixed.

Approved March 3, 1879.

Delivery of certain unmailable matter. 1879, Mar. 3, ch. 180, Part 2, § 21, 1 Supp., 248. —when reaching office of destination. Name of sender and facts to be reported.

* * * If any matter excluded from the mails by the preceding section (sec. 20) of this act, except that declared nonmailable by section thirty-eight hundred and ninety-three of the Revised Statutes as amended, shall, by inadvertence, reach the office of destination, the same shall be delivered in accordance with its address: *Provided*, That the party addressed shall furnish the name and address of the sender to the postmaster at the office of delivery, who shall immediately report the facts to the Postmaster-General. If the person addressed refuse to give the required information, the postmaster shall hold the package subject to the order of the Postmaster-General.

Approved March 3, 1879.

Unmailable matter. 1879, Mar. 3, ch. 180, Part 3, § 21, 1 Supp., 248.

* * * All matter declared nonmailable by section thirty-eight hundred and ninety-three of the Revised Statutes as amended, which shall reach the office of delivery, shall be held by the postmaster at the said office subject to the order of the Postmaster-General.

Approved March 3, 1879.

Packages must admit of examination. 1879, Mar. 3, ch 180, § 24, 1 Supp., 249. —otherwise postage to be at first-class rate.

The Postmaster-General may prescribe, by regulation, the manner of wrapping and securing for the mails all packages of matter not charged with first-class postage, so that the contents of such packages may be easily examined; and no package the contents of which can not be easily examined shall pass in the mails or be delivered at a less rate than for matter of the first class.

Approved March 3, 1879.

Free county matter and rates on second-class matter at letter-carrier offices. 1879, Mar. 3, ch. 180, § 25, 1 Supp., 249. [See R. S., § 3907.

That publications of the second class, one copy to each actual subscriber residing in the county where the same are printed, in whole or in part, and published, shall go free through the mails; but the same shall not be delivered at letter-carrier offices, or distributed by carriers, unless postage is paid thereon at the rate prescribed in section thirteen of this act (the cent-a-pound rate): *Provided*, That the rate of postage on newspapers, excepting weeklies, and periodicals not exceeding two ounces in weight, when the same are deposited in a

letter-carrier office for delivery by its carriers, shall be uniform at one cent each; periodicals weighing more than two ounces shall be subject, when delivered by such carriers, to a postage of two cents each, and these rates shall be prepaid by stamps affixed.

Approved March 3, 1879.

First-class matter, insufficiently prepaid—Act Mar. 3, 1879, ch. 180, 20 Stat. L., 361, § 26.

That all mail matter of the first class upon which one full rate of postage has been prepaid shall be forwarded to its destination, charged with the unpaid rate, to be collected on delivery; but postmasters, before delivering the same, or any article of mail matter upon which prepayment in full has not been made, shall affix, or cause to be affixed, and canceled, as ordinary stamps are canceled, one or more stamps equivalent in value to the amount of postage due on such article of mail matter, which stamps shall be of such special design and denomination as the Postmaster-General may prescribe, and which shall in no case be sold by any postmaster nor received by him in prepayment of postage.

—transmitted and deficiency collected, when.

—postage due stamps.

Approved March 3, 1879.

Failure to collect or account for postage due. 1879, Mar. 3, ch. 180, § 27, 1 Supp., 249.

Any postmaster or other person engaged in the postal service who shall collect, and fail to account for, the postage due upon any article of mail matter which he may deliver, without having previously affixed and canceled such special stamps as hereinbefore provided, or who shall fail to affix such stamp, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by a fine of fifty dollars.

—penalty.

Approved March 3, 1879.

Unlawful use of stamps, and removal of canceling marks therefrom. 1879, Mar. 3, ch. 180, § 28, 1 Supp., 249.

Any person who shall use, or attempt to use, in payment of postage, any canceled postage-stamp or postage-stamps, whether the same have been used before or not, or who shall by any means remove, or attempt to remove, or assist in removing, marks from any postage-stamp or postage-stamps, with intent to use the same in payment of postage, or who knowingly shall have in his possession any postage-stamp or postage-stamps canceled, with intent to use the same, or from which such cancellation marks have been removed, or who shall sell or offer to sell any such stamp or stamps, or who shall use or attempt to use the same in payment of postage, or who shall remove the superscription from any stamped envelope or postal card that has once been used in the payment of postage, with intent to again use the same for a like purpose, shall be deemed guilty of a misdemeanor, and shall, on conviction thereof, be punished by imprisonment for not less than six months nor more than one year, or by a fine of not less than one hundred dollars nor more than five hundred dollars for each offense, or by both such fine and imprisonment, in the discretion of the court.

—penalty

Approved March 3, 1879.

New sureties on contracts. 1879, Mar. 3, ch. 180, § 30, 1 Supp., 250.

The Postmaster-General, whenever he may deem it consistent with the public interest, may accept or require new surety upon any contract existing or hereafter made for carrying the mails, in substitution for and release of any existing surety.

Approved March 3, 1879.

Compensation of acting postmasters. 1879, Mar. 3, ch. 180, § 31, 1 Supp., 250.

Any person performing the duties of postmaster, by authority of the President, at any post-office where there is a vacancy for any cause, shall receive for the term for which the duty is performed the same compensation to which he would have been entitled if regularly appointed and confirmed as such postmaster. * * *

—to be regular compensation of office.

Approved March 3, 1879.

Letter-sheet envelopes. Act Mar. 3, 1879, ch. 180, § 32, 20 Stat. L., 362.

That the Postmaster-General is hereby authorized to take the necessary steps to introduce and furnish for public use a letter-sheet envelope, on which postage stamps of the denominations now in use on ordinary envelopes shall be placed. And the Postmaster-General is also authorized to introduce and furnish for public use a double postal card, on which shall be placed two one-cent stamps, and said card to be so

—double postal cards.

arranged for the address that it may be forwarded and returned, said cards to be sold for two cents apiece; and also to introduce and furnish for public use a double-letter envelope, on which stamps of the denominations now in use may be placed, and with the arrangement for the address similar to the double postal card; said letter sheet and double postal card and double envelope to be issued under such regulations as the Postmaster-General may prescribe: *Provided*, That the appropriation for postal cards and letter envelopes for the years ending June thirtieth, eighteen hundred and seventy-nine and eighteen hundred and eighty, shall be available for the purchase of said letter-sheet envelopes, double or return postal cards, and double letter envelopes: *And provided*, That no money shall be paid for royalty or patent on any of the articles named.

Approved March 3, 1879.

Conspiracy to defraud the United States or violate statutes. 1879, May 17, ch. 8, 1 Supp., 264. —penalty.

If two or more persons conspire either to commit any offense against the United States or to defraud the United States in any manner or for any purpose, and one or more of such parties do any act to effect the object of the conspiracy, all the parties to such conspiracy shall be liable to a penalty of not more than ten thousand dollars, or to imprisonment for not more than two years or to both fine and imprisonment in the discretion of the court.

Approved May 17, 1879.

Expedition of service. —limitation upon compensation for. 1880, Apr. 7, ch. 48, § 2, 1 Supp., 280.

The Postmaster-General shall not hereafter have the power to expedite the service under any contract either now existing or hereafter given to a rate of pay exceeding fifty per centum upon the contract as originally let.

Approved April 7, 1880.

Postal cards for circulation in foreign mails. 1880, June 11, ch. 206, 1 Supp., 296. —to be sold at two cents apiece.

The Postmaster-General is hereby authorized to furnish and issue to the public postal cards with postage stamps impressed upon them, for circulation in the mails exchanged with foreign countries under the provisions of the Universal Postal Union Convention * * * at a postage charge of two cents each, including the cost of their manufacture.

Approved June 11, 1880.

Post-office inspectors. 21 Stat. L., 177, June 11, 1880, ch. 206.

That the following sums be, and the same are hereby, appropriated for the service of the Post-Office Department for the year ending June thirtieth, eighteen hundred and eighty-one, out of any money in the Treasury arising from the revenues of said Department, in conformity to the act of July second, eighteen hundred and thirty-six, as follows:

OFFICE OF THE POSTMASTER-GENERAL.—For mail depredations and post-office inspectors, including amounts necessary for fees to United States marshals and attorneys, one hundred and fifty thousand dollars. And not exceeding five thousand dollars of this amount may be expended for fees to United States attorneys, marshals, clerks of courts, and counsel necessarily employed by post-office inspectors of the Post-Office Department, subject to approval by the Attorney-General; and the superintendent of railway mail service and the chief of post-office inspectors shall be paid their actual expenses while traveling on the business of the Department; and section four thousand and seventeen of the Revised Statutes is hereby so amended as to insert in lieu of the words "special agents" and the word "agents," wherever they occur in said section, the words "post-office inspectors."

Traveling expenses.

Note.

NOTE.—Post-office inspectors were originally known as "special agents." This designation was changed by the act of June 11, 1880.

Post-office inspectors.

Post-office inspectors appointed under this statute are designated as "inspectors in the field." Any number of such inspectors may be appointed within the limit of the annual appropriations "for mail depredations and post-office inspectors."

Sec. 4020, R. S., as amended by act of March 3, 1897, ch. 385, 2 Supp. R. S., 598, provides that "the salary and per diem of the special agent (post-office inspector) detailed" for the free-delivery service shall be charged to the appropriation for that service. This statute is no longer

of any effect, as no inspector has been specially detailed for the free-delivery service for some time, and for years past a special appropriation has been provided for the payment of inspectors. The only change made by the amendment of March 3, 1897, was to omit a provision relative to payment of inspectors detailed for the money-order service out of the proceeds of that service.

Approved June 11, 1880.

Expenses of chief inspector. 1881, Mar. 1, ch. 96, 1 Supp., 319.

The chief of post-office inspectors shall be paid (his) actual expenses while traveling on the business of the Department.

Approved March 1, 1881.

Failure to provide cars and to properly equip. 1881, Mar. 1, ch. 96, 1 Supp., 319. —penalty for.

* * * When any railroad company fail or refuse to provide railway post-office cars when required by the Post-Office Department, or shall fail or refuse to provide suitable safety heaters and safety lamps therefor, with such number of saws and axes to each car for use in case of accident as may be required by the Post-Office Department, said company shall have its pay reduced ten per centum on the rates fixed (by law). * * *

Approved March 1, 1881.

General mail lettings. 1881, Mar. 1, ch. 96, 1 Supp., 319. —advertisement of.

The Postmaster-General shall cause advertisements of all general mail lettings of each State and Territory to be conspicuously posted in each post-office in the State and Territory embraced in said advertisements for at least sixty days before the time of such general letting; and no other advertisement of such lettings shall be required; but this provision shall not apply to any other than general mail lettings.

Approved March 1, 1881.

Traveling expenses of general superintendent. 1881, Mar. 1, ch. 96, 1 Supp., 319.

The (general) superintendent of railway mail service * * * shall be paid * * * (his) actual expenses while traveling on the business of the Department.

Approved March 1, 1881.

Special grant of franking privilege. Lucretia R. Garfield. 1881, Dec. 20 ch. 1, 22 Stat. L., 1.

All mail matter carried by post to Lucretia R. Garfield, widow of the late James A. Garfield, or sent by her, under her written autograph signature, will be conveyed free of postage during her natural life.

Approved December 20, 1881.

Subletting for less than contract price. 1882, May 4, ch. 116, 1 Supp., 338. —contract to be void. Contract with subcontractor. —proviso

Whenever any contractor or subcontractor shall sublet his contract for the transportation of the mail on any route for a less sum than that for which he contracted to perform the service, the Postmaster-General may, whenever he shall deem it for the good of the service, declare the original contract at an end, and enter into a contract with the last subcontractor, without advertising, to perform the service on the terms at which the last subcontractor agreed with the original contractor or former subcontractor to perform the same: *Provided*, That such last subcontractor shall enter into a good and sufficient bond and that the original contractor shall not be released from his contract until a good and sufficient bond has been made by such last subcontractor and accepted by the Post-Office Department: *Provided further*, That when a contract hereafter made is declared void on account of its having been sublet, the contractor shall not be entitled to one month's extra pay as provided for by law.

Contractor not to have indemnity.

Approved May 4, 1882.

Liens upon pay of contractors and subcontractors. 1882, May 4, ch. 116, 1 Supp., 339. —persons performing service to have. —payment of amount of.

If any person shall hereafter perform any service for any contractor or subcontractor in carrying the mail, he shall, upon filing in the Department his contract for such service, and satisfactory evidence of its performance thereafter, have a lien on any money due such contractor or subcontractor for such service to the amount of the same; and if such contractor or subcontractor shall fail to pay the party or parties who have performed service as aforesaid the amount due for such service within two months after the expiration of the quarter in which such service shall have been performed, the Postmaster-General may cause the amount to be paid said party or parties and charged to

the contractor, provided that such payment shall not in any case exceed the rate of pay per annum of the contractor or subcontractor.

Approved May 4, 1882.

Pay of contractors.
—withholding of, when.
1882, May 4, ch 116, 1 Supp., 339.

* * * Where any person, corporation, or partnership shall have contracts for the performance of mail service upon more than one route, and any failure to perform the service according to contract on any one or more of such routes shall occur, no payment shall be made for service on any of the routes under contract with such person, corporation, or partnership until such failure has been removed and all penalties therefor fully satisfied.

Approved May 4, 1882.

Railway postal clerks.
1882, July 31, ch. 361, 1 Supp., 362.
See R. S., § 4024.
—classification and salaries.

Persons in the railway mail service, known as railway post-office clerks, route agents, local agents, and mail-route messengers, shall be designated as railway postal clerks, and (be) divided into five classes, whose salaries shall not exceed the following rates per annum:

First class, not exceeding eight hundred dollars;
Second class, not exceeding nine hundred dollars;
Third class, not exceeding one thousand dollars;
Fourth class, not exceeding one thousand two hundred dollars;
And fifth class, not exceeding one thousand four hundred dollars:

Clerks in same class may be paid different salaries.

Provided, That the Postmaster-General, in fixing the salaries of clerks in the different classes, may fix different salaries for clerks of the same class, according to the amount of work done and the responsibility incurred by each, but shall not, in any case, allow a higher salary to any clerk of any class than the maximum fixed by this act for the class to which such clerk belongs.

Approved July 31, 1882.

Appointments and promotions of carriers.
1882, Aug. 2, ch. 373, § 4, 1 Supp., 363.
—how made.

Appointments of letter carriers in cities having two or more classes shall be made to the class having the minimum rate of pay, and promotions from the lower grades in said cities shall be made to the next higher grade at the expiration of one year's service, on certificate of the postmaster to the efficiency and faithfulness of the candidate during the preceding year. * * *

Approved August 2, 1882.

Substitute carriers.
1882, Aug. 2, ch. 373, § 4, 1 Supp., 363.
—appointment of, and compensation.

* * * The Postmaster-General * * * is authorized to appoint one or more substitute letter carriers, whose compensation shall be one dollar per annum, and the pro rata compensation of the carriers whose routes they may be required to serve.

Approved August 2, 1882.

Extension of service on route under contract.
1882, Aug. 3, ch. 379, § 1, 1 Supp., 372.
—compensation for.
—limited.

The Postmaster-General is hereby authorized, in cases where the mail service would be thereby improved, to extend service on a mail route under contract, at not exceeding pro rata additional pay, for any distance not exceeding twenty-five miles beyond either terminal point named in said contract: *Provided*, That no service shall be extended beyond the original terminal points more than once during the term for which the contract shall have been made.

Approved August 3, 1882.

Temporary service.
1882, Aug. 3, ch. 379, § 2, 1 Supp., 372.
—where contractor fails to perform service.
—cost of, limited
—cost of, to be charged to contractor.

Whenever a contractor for postal service fails to commence proper service under the contract, or, having commenced service, fails to continue in the proper performance thereof, the Postmaster-General may employ temporary service on the route, at a rate of pay per annum not to exceed the amount of the bond required to accompany proposals for service on such route, as specified in the advertisement of the route, or at not exceeding pro rata of such bond, in cases where service shall have been ordered to be increased, reduced, curtailed, or changed, subsequent to the execution of contract; the cost of such temporary service to be charged to the contractor, and to continue until the contractor commences or resumes the proper performance of service, or

until the route can be relet, as now provided by law, and service commenced under the new award of contract. All acts or parts of acts inconsistent with the provisions of this act being hereby repealed.

Approved August 3, 1882.

Employment in departmental service.
1882, Aug. 5, ch. 389, § 4, 1 Supp., 374.
—only as appropriated for.

No civil officer, clerk, draughtsman, copyist, messenger, assistant messenger, mechanic, watchman, laborer, or other employee shall * * * be employed in any of the Executive Departments or subordinate bureaus or offices thereof at the seat of government, except only at such rates and in such numbers, respectively, as may be specifically appropriated for by Congress for such clerical and other personal services for each fiscal year; and no civil officer, clerk, draughtsman, copyist, messenger, assistant messenger, mechanic, watchman, laborer, or other employee shall hereafter be employed at the seat of government in any Executive Department or subordinate bureau or office thereof or be paid from any appropriation made for contingent expenses or for any specific or general purpose, unless such employment is authorized and payment therefor specifically provided in the law granting the appropriation, and then only for services actually rendered in connection with and for the purposes of the appropriation from which payment is made, and at the rate of compensation usual and proper for such services.

—contingent fund not to be used for, except.

Approved August 5, 1882.

Classified civil service.
1883, Jan. 16, ch. 27, § 6, 1 Supp., 395.

* * * It shall be the duty of the Postmaster-General to separately arrange in classes the several clerks and persons employed, or in the public service, at each post-office, or under any postmaster of the United States, where the whole number of said clerks and persons shall together amount to as many as fifty. And * * * from time to time, on the direction of the President, it shall be the duty of the Postmaster-General to arrange in like classes the clerks and persons so employed in the postal service in connection with any other post-office; and every such arrangement and classification upon being made shall be reported to the President.

Approved January 16, 1883.

—to be revised when.
1883, Jan. 16, ch. 27, § 6, 1 Supp., 395.

From time to time * * * the Postmaster-General * * * shall, on the direction of the President, and for facilitating the execution of this act, respectively revise any then existing classification or arrangement of those in their respective departments and offices, and shall, for the purposes of the examination herein provided for, include in one or more of such classes, so far as practicable, subordinate places, clerks, and officers in the public service pertaining to their respective departments not before classified for examination.

Approved January 16, 1883.

Appointments.
1883, Jan. 16, ch. 27, § 7, 1 Supp., 395.
—civil-service examination for.

* * * No officer or clerk shall be appointed, and no person shall be employed to enter or be promoted in either of the said classes now existing, or that may be arranged hereunder pursuant to said rules, until he has passed an examination, or is shown to be specially exempted from such examination in conformity herewith. But nothing herein contained shall be construed to take from those honorably discharged from the military or naval service any preference conferred by the seventeen hundred and fifty-fourth section of the Revised Statutes, nor to take from the President any authority not inconsistent with this act conferred by the seventeen hundred and fifty-third section of said statutes; nor shall any officer not in the executive branch of the Government, or any person merely employed as a laborer or workman, be required to be classified hereunder; nor, unless by direction of the Senate, shall any person who has been nominated for confirmation by the Senate be required to be classified or to pass an examination.

—exceptions.

Approved January 16, 1883

Officers and employees forbidden to solicit or receive contributions from other officers or employees.
1883, Jan. 16, ch. 27, § 11, 1 Supp., 395.

No Senator, or Representative, or Territorial Delegate of the Congress, or Senator, Representative, or Delegate elect, or any officer or employee of either of said houses, and no executive, judicial, military, or naval officer of the United States, and no clerk or employee of any department, branch, or bureau of the executive, judicial, or military or naval service of the United States, shall, directly or indirectly, solicit or receive, or be in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever, from any officer, clerk, or employee of the United States, or any department, branch, or bureau thereof, or from any person receiving any salary or compensation from moneys derived from the Treasury of the United States.

Approved January 16, 1883

Political contributions not to be solicited in public offices, etc.
1883, Jan. 16, ch. 27, § 12, 1 Supp., 396.

No person shall, in any room or building occupied in the discharge of official duties by any officer or employee of the United States mentioned in this act, or in any navy-yard, fort, or arsenal, solicit in any manner whatever, or receive any contribution of money or any other thing of value for any political purpose whatever.

Approved January 16, 1883.

Immunity from official compulsion to make political contributions.
1883, Jan. 16, ch. 27, § 13, 1 Supp., 396.

No officer or employee of the United States mentioned in this act shall discharge, or promote, or degrade, or in any manner change the official rank or compensation of any other officer or employee, or promise or threaten so to do, for giving or withholding or neglecting to make any contribution of money or other valuable thing for any political purpose.

Approved January 16, 1883.

Political contributions to officers or employees forbidden.
1883, Jan. 16, ch. 27, § 14, 1 Supp., 396.

No officer, clerk, or other person in the service of the United States shall, directly or indirectly, give or hand over to any other officer, clerk, or person in the service of the United States, or to any Senator or Member of the House of Representatives, or Territorial Delegate, any money or other valuable thing on account of or to be applied to the promotion of any political object whatever.

Approved January 16, 1883.

Penalty for violation of four preceding sections.
1883, Jan. 16, ch. 27, § 16, 1 Supp., 396.

Any person who shall be guilty of violating any provision of the four foregoing sections shall be deemed guilty of a misdemeanor, and shall, on conviction thereof, be punished by a fine not exceeding five thousand dollars, or by imprisonment for a term not exceeding three years, or by such fine and imprisonment both, in the discretion of the court.

Approved January 16, 1883.

Blank forms, etc., for the money-order service.
1883, Mar. 3, ch. 123, § 2, 1 Supp., 405.
See R. S., § 4048.
—proposals for furnishing.
—contracts for.
—estimates for furnishing by Public Printer and Bureau of Engraving and Printing.

All blanks, blank books, and printed or engraved matter supplied to postmasters by the Postmaster-General or used in his Department for the transaction of money-order business shall be obtained from the lowest responsible bidders for furnishing printed and engraved matter, respectively, under separate advertisements calling for proposals to furnish the same for a period of four years upon such conditions as the Postmaster-General may prescribe: *Provided*, That the Public Printer and the Chief (Director) of the Bureau of Engraving and Printing of the Treasury Department shall submit, respectively, estimates of the cost of furnishing such printed and engraved matter as may be required for use in the money-order business, and they shall furnish such printed and engraved matter whenever upon their estimates of cost the expenditure therefor will be less than upon proposals made as above provided for.

Approved March 3, 1883.

Salaries of postmasters at offices of the first, second, and third classes.
1883, Mar. 3, ch. 142, 1 Supp., 417.
See R. S., §§ 3852–3856.
—how fixed.

The respective compensation of postmasters of the first, second, and third classes shall be annual salaries, assigned in even hundreds of dollars, and payable in quarterly payments, to be ascertained and fixed by the Postmaster-General from their respective quarterly returns to the Auditor for the Post-Office Department, or copies or duplicates thereof, to be forwarded to the First Assistant Postmaster-General, for four quarters immediately preceding the adjustment, at the following rates, namely:

FIRST CLASS.

Salaries of postmasters, first class.

Gross receipts, forty thousand dollars, and not exceeding forty-five thousand dollars, salary, three thousand dollars.

Gross receipts, forty-five thousand dollars, and not exceeding sixty thousand dollars, salary, three thousand one hundred dollars.

Gross receipts, sixty thousand dollars, and not exceeding eighty thousand dollars, salary, three thousand two hundred dollars.

Gross receipts, eighty thousand dollars, and not exceeding one hundred and ten thousand dollars, salary, three thousand three hundred dollars.

Gross receipts, one hundred and ten thousand dollars, and not exceeding one hundred and fifty thousand dollars, salary, three thousand four hundred dollars.

Gross receipts, one hundred and fifty thousand dollars, and not exceeding two hundred thousand dollars, salary, three thousand five hundred dollars.

Gross receipts, two hundred thousand dollars, and not exceeding two hundred and sixty thousand dollars, salary, three thousand six hundred dollars.

Gross receipts, two hundred and sixty thousand dollars, and not exceeding three hundred and thirty thousand dollars, salary, three thousand seven hundred dollars.

Gross receipts, three hundred and thirty thousand dollars, and not exceeding four hundred thousand dollars, salary, three thousand eight hundred dollars.

Gross receipts, four hundred thousand dollars, and not exceeding four hundred and fifty thousand dollars, salary, three thousand nine hundred dollars.

Gross receipts, four hundred and fifty thousand dollars, and not exceeding five hundred thousand dollars, salary, four thousand dollars.

Gross receipts, five hundred thousand dollars, and not exceeding six hundred thousand dollars, salary, five thousand dollars.

Gross receipts, six hundred thousand dollars and upwards, salary, six thousand dollars.

SECOND CLASS.

—second class.

Gross receipts, eight thousand dollars, and not exceeding nine thousand dollars, salary, two thousand dollars.

Gross receipts, nine thousand dollars, and not exceeding ten thousand dollars, salary, two thousand one hundred dollars.

Gross receipts, ten thousand dollars, and not exceeding eleven thousand dollars, salary, two thousand two hundred dollars.

Gross receipts, eleven thousand dollars, and not exceeding thirteen thousand dollars, salary, two thousand three hundred dollars.

Gross receipts, thirteen thousand dollars, and not exceeding sixteen thousand dollars, salary, two thousand four hundred dollars.

Gross receipts sixteen thousand dollars, and not exceeding twenty thousand dollars, salary, two thousand five hundred dollars.

Gross receipts, twenty thousand dollars, and not exceeding twenty-four thousand dollars, salary, two thousand six hundred dollars.

Gross receipts, twenty-four thousand dollars, and not exceeding thirty thousand dollars, salary, two thousand seven hundred dollars.

Gross receipts, thirty thousand dollars, and not exceeding thirty-five thousand dollars, salary, two thousand eight hundred dollars.

Gross receipts, thirty-five thousand dollars, and not exceeding forty thousand dollars, salary, two thousand nine hundred dollars.

THIRD CLASS.

—third class.

Gross receipts, one thousand nine hundred dollars, and not exceeding two thousand one hundred dollars, salary, one thousand dollars.

Gross receipts, two thousand one hundred dollars, and not exceeding two thousand four hundred dollars, salary, one thousand one hundred dollars.

Gross receipts, two thousand four hundred dollars, and not exceeding two thousand seven hundred dollars, salary, one thousand two hundred dollars.

Gross receipts, two thousand seven hundred dollars, and not exceeding three thousand dollars, salary, one thousand three hundred dollars.

Gross receipts, three thousand dollars, and not exceeding three thousand five hundred dollars, salary, one thousand four hundred dollars.

Gross receipts, three thousand five hundred dollars, and not exceeding four thousand two hundred dollars, salary, one thousand five hundred dollars.

Gross receipts, four thousand two hundred dollars, and not exceeding five thousand dollars, salary one thousand six hundred dollars.

Gross receipts, five thousand dollars, and not exceeding six thousand dollars, salary, one thousand seven hundred dollars.

Gross receipts, six thousand dollars, and not exceeding seven thousand dollars, salary, one thousand eight hundred dollars.

Gross receipts, seven thousand dollars, and not exceeding eight thousand dollars, salary, one thousand nine hundred dollars.

Approved March 3, 1883.

Certified copies of returns.
1883, March 3, ch. 142, § 1, 1 Supp., 419.
—may be required.

In order to ascertain the amount of the postal receipts of each office, the Postmaster-General may require postmasters to furnish the Department with certified copies of their quarterly returns to the Auditor at such times and for such periods as he may deem necessary in each case.

Approved March 3, 1883.

Compensation of postmasters at fourth-class offices.
1883, Mar. 3, ch. 142, § 2, 1 Supp., 419.
See R. S., §§ 3852-3856.
Commissions on cancellations.
—rates of.

The compensation of postmasters of the fourth class shall be fixed upon the basis of the whole of the box rents collected at their offices and commissions upon the amount of canceled postage-due stamps, and on postage stamps * * * stamped envelopes, postal cards, and newspaper and periodical stamps canceled, on matter actually mailed at their offices, and on amounts received from waste paper, dead newspapers, printed matter, and twine sold, at the following rates, namely: On the first fifty dollars or less per quarter, one hundred per centum; on the next one hundred dollars or less per quarter, sixty per centum; on the next two hundred dollars or less per quarter, fifty per centum; and on all the balance, forty per centum, the same to be ascertained and allowed by the Auditor for the Post-Office Department in the settlement of the accounts of such postmasters upon their sworn quarterly returns:

Provided, That when the compensation of any postmaster of this class shall reach two hundred and fifty dollars for four consecutive quarters each, exclusive of commissions on money-order business, and when the returns to the Auditor for four consecutive quarters shall show him to be entitled to a compensation in excess of two hundred and fifty dollars per quarter, the Auditor shall report such fact to the Postmaster-General, who shall assign the office to its proper class, and fix the salary of the postmaster as provided by section one of this act:

Assignment of office to higher class.

Excess commissions in any quarter.

Provided further, That in no case shall there be allowed to any postmaster of this class a compensation greater than two hundred and fifty dollars in any one of the first three quarters of any fiscal year, exclusive of money-order commissions, and in the last quarter of any fiscal year there shall be allowed such further sum as he may be entitled to under the provisions of this act, not exceeding for the whole fiscal year the sum of one thousand dollars exclusive of money-order commissions.

Approved March 3, 1883.

Readjustment of salaries of postmasters of first, second, and third classes.
1883, Mar. 3, ch. 142, § 3, 1 Supp., 419.
—when to be made.
Id., § 4.

The Postmaster-General shall make all orders relative to the salaries of postmasters: * * * and the Auditor for the Post-Office Department shall be notified of any and all changes of salaries.

The salaries of postmasters of the first, second, and third classes shall be readjusted by the Postmaster-General, * * * to take effect * * * at the beginning of each fiscal year.

Approved March 3, 1883.

Orders assigning fourth-class offices to higher class.
1883, Mar. 3, ch. § 3, 1 Supp.,

(Any order advancing an office of the fourth class to a higher class) shall not take effect until the first day of the quarter next following the order.

Approved March 3, 1883.

All public roads and highways while kept up and maintained as such are hereby declared to be post-routes.

Approved March 1, 1884.

Post-routes. —public roads and highways. 1884, Mar. 1, ch. 9, 1 Supp., 423.

Every person who, with intent to defraud either the United States or any person, falsely assumes or pretends to be an officer or employee acting under the authority of the United States, or any Department, or any officer of the Government thereof, and who shall take upon himself to act as such, or shall in such pretended character demand or obtain from any person or from the United States, or any Department, or any officer of the Government thereof, any money, paper, document, or other valuable thing, shall be deemed guilty of felony, and shall, on conviction thereof, be punished by a fine of not more than one thousand dollars, or imprisonment not longer than three years, or both said punishments, in the discretion of the court.

Approved April 18, 1884.

False personation of United States officers. 1884, Apr. 18, ch. 26, 1 Supp., 425. —penalty.

No Department or officer of the United States shall accept voluntary service for the Government or employ personal service in excess of that authorized by law except in cases of sudden emergency involving the loss of human life or the destruction of property.

Approved May 1, 1884.

Voluntary service forbidden. 1884, May 1, ch. 37, 1 Supp., 427.

The oath to be taken by any person elected or appointed to any office of honor or profit * * * in the civil * * * service * * * shall be as prescribed in section seventeen hundred and fifty-seven of the Revised Statutes.

Approved May 13, 1884.

Oath of office. —general, as employed in Government. 1884, May 13, ch. 46, § 2, 1 Supp., 428.

The rate of postage on newspaper and periodical publications of the second class, when sent by others than the publisher or news agent, shall be one cent for each four ounces or fractional part thereof, and shall be fully prepaid by postage stamps affixed to said matter.

Approved June 9, 1884.

Rate on transient publications. 1884, June 9, ch. 73, 1 Supp., 438. —when sent by others than publisher or news agent.

All letter-carriers at free-delivery offices shall be entitled to leave of absence, not to exceed fifteen days in each year, without loss of pay; * * *

Approved June 27, 1884.

Leaves of absence. Letter carriers. 1884, June 27, ch. 126, 1 Supp., 446.

* * * The Postmaster-General is hereby authorized to employ, when necessary, during the time such (fifteen days') leave of absence is granted (to a letter-carrier), such number of substitute letter-carriers as may be deemed advisable, who shall be paid for services rendered at the rate of six hundred dollars per annum.

Approved June 27, 1884.

Substitutes. —in place of carriers on leave with pay. 1884, June 27, ch. 126, 1 Supp., 446.

The Postmaster-General is authorized to designate postmasters at money-order post-offices as disbursing officers for the payment of the salaries of officers and employees of the postal service, and for such other payments as postmasters are now authorized to make from postal revenues.

Approved July 5, 1884.

Disbursing officers. 1884, July 5, ch. 234, 1 Supp., 467. —postmasters may be designated as.

* * * If any railroad company shall fail or refuse to transport the mails, when required by the Post-Office Department, upon the fastest train or trains run upon said road, said company shall have its pay reduced fifty per centum of the amount provided by law.

Approved July 5, 1884.

Mails to be carried on fastest trains. 1884, July 5, ch. 234, 1 Supp., 467.

* * * Any part-paid letter or packet addressed to either of said Departments or bureaus (the Executive Departments or bureaus thereof and Public Printer) may be delivered free; but where there is good reason to believe the omission to prepay the full postage thereon was intentional, such letter or packet shall be returned to the sender.

Approved July 5, 1884.

Underpaid official matter at Washington. 1884, July 5, ch. 234, § 3, 1 Supp., 468. —delivered free, except.

Registration free. —letters and packets on official business of Executive Departments. 1884, July 5, ch. 234, § 3, 1 Supp., 468.

* * * Any letter or packet to be registered by either of the Executive Departments or bureaus thereof * * * or by the Public Printer, may be registered without the payment of any registry fee.

Approved July 5, 1884.

Penalty envelopes. —return, may be used, when. 1884, July 5, ch. 234, § 3, 1 Supp., 468.

* * * Any Department or officer authorized to use the penalty envelopes may inclose them with return address to any person or persons from or through whom official information is desired, the same to be used only to cover such official information and indorsements relating thereto: * * *

—not to be used by officers receiving allowances for postage. Id.

* * * This act shall not extend or apply to * * * officers who receive a fixed allowance as compensation for their services, including expenses of postage. * * *

Approved July 5, 1884.

Claims. —when allowed to be reported to Congress. 1884, July 7, ch. 334, 1 Supp., 470.

* * * (The Secretary of the Treasury shall, at the commencement of each session of Congress, report the amount due each claimant whose claim has been allowed in whole or in part to the Speaker of the House of Representatives and the Presiding Officer of the Senate, who shall lay the same before their respective Houses for consideration): *Provided*,

—rejected, not to be reopened, except.

That nothing in this act shall be construed to authorize the reexamination and payment of any claim or account which has been once examined and rejected, unless reopened in accordance with existing law.

Note.

NOTE.—The act of July 7, 1884, shown in parenthesis, is a substitute for the omitted paragraph of the act of June 14, 1878.

Approved July 7, 1884.

Detail of clerks in post-offices. 1885, Mar. 3, ch. 342, 1 Supp., 483.

Postmasters (at offices of the first and second classes) are authorized, with the approval of the Postmaster-General, to assign at any time any clerk or employee of their respective post-offices to duty in any branch thereof.

Approved March 3, 1885.

No rent to be paid under, when building unfit for use. 1885, Mar. 3, ch. 342, 1 Supp., 483. —lease to terminate, when.

Whenever any building or part of a building under lease becomes unfit for use as a post-office, no rent shall be paid until the same shall be put in a satisfactory condition by the owner thereof for occupation as a post-office, or the lease may be canceled, at the option of the Postmaster-General; and a lease shall cease and terminate whenever a post-office can be moved into a Government building.

Approved March 3, 1885.

Combined inland and foreign service. 1885, Mar. 3, ch. 342, 1 Supp., 483. —contracts for, when may be made.

* * * The Postmaster-General is authorized to contract for inland and foreign steamboat mail service, when it can be combined in one route, where the foreign office or offices are not more than two hundred miles distant from the domestic office, on the same terms and conditions as inland steamboat service, and pay for the same out of the appropriation for inland steamboat service.

Approved March 3, 1885.

Postage on second-class matter. 1885, Mar. 3, ch. 342, 1 Supp., 483.

All publications of the second class, except as provided in section 25 of said act (of March 3, 1879, ch. 180, 1 Supp., 249), when sent by the publisher thereof, and from the office of publication, including sample copies, or when sent from a news agency to actual subscribers thereto, or to other news agents, shall * * * be entitled to transmission through the mails at one cent a pound or a fraction thereof, such postage to be prepaid as now provided by law.

Approved March 3, 1885.

Upon all matter of the first class, * * * postage shall be charged, * * * at the rate of two cents for each ounce or fraction thereof; and drop letters shall be mailed at the rate of two cents per ounce or fraction thereof, including delivery at letter-carrier offices, and one cent for each ounce or fraction thereof where free delivery by carrier is not established.

Rate of postage on first-class matter.
1885, Mar. 3, ch. 342, 1 Supp., 483.
—drop letters.

Approved March 3, 1885.

A special (delivery) stamp of the face valuation of ten cents may be provided and issued, whenever deemed advisable or expedient, in such form and bearing such device as may meet the approval of the Postmaster-General, which, when attached to * * * (mail matter) in addition to the lawful postage thereon, * * * (shall entitle such matter to immediate delivery, as provided in act of Aug. 4, 1886, ch. 901, sec. 1, 1 Supp., 511).

Special-delivery stamps.
1885, Mar. 3, ch. 342, § 3, 1 Supp., 484; 1886, Aug. 4, ch. 901, § 1, 1 Supp., 511.
—matter bearing, to be entitled to immediate delivery.

Approved March 3, 1885.

The postmaster * * * (at every special-delivery post-office) shall keep a record of the number of * * * (articles) received at such office bearing such special (delivery) stamp

Record of special-delivery matter.
1885, Mar. 3, ch. 342, § 6, 1 Supp., 484

Approved March 3, 1885.

(Postmasters will), at the end of each month, * * * pay to such person or persons employed (as messengers) a sum not exceeding eighty per centum of the face value of all such (special-delivery) stamps (on the matter) received and recorded during that month: *Provided*, That in no case shall the compensation so paid to any one person exceed thirty dollars per month.

Payment of messengers.
1885, Mar. 3, ch. 342, § 6, 1 Supp., 484.
—when made.
—amount of, not to exceed.

Approved March 3, 188[illegible].

(The postmaster shall be responsible for) * * * the immediate delivery of every * * * article (bearing a special-delivery stamp), and shall cause delivery to be made of all such articles received at his office bearing such stamp and entitled to delivery thereat, and may employ any persons, including clerks * * * (and other salaried employees at his office), as messengers on such terms as he shall fix as compensation for such delivery; and to defray the expense thereof such postmaster shall be entitled, upon the adjustment of his quarterly account, to eighty per cent of the face value of all such special-delivery stamps received at his office and recorded, according to said act and regulations of the Post-Office Department, during the quarter; and such allowance shall be in full of all the expenses of such delivery: * * *

Special delivery of mail matter.
1886, Aug. 4, ch. 90, § 1, 1 Supp., 511; see 1900, June 2, ch. 613, 31 St. L., 260.
—postmasters responsible for.
—how made.
—compensation for.

Approved August 4, 1886.

* * * Mailable matter upon which * * * (a) special (delivery) stamp * * * shall be duly affixed (in addition to the lawful postage thereon) shall be entitled to immediate delivery * * * within the carrier-delivery limit of any free-delivery office and within one mile of any other post-office which the Postmaster-General shall at any time designate as a special-delivery post-office.

Mail matter bearing special-delivery stamps.
1886, Aug. 4, ch. 901, § 1, 1 Supp., 511.
—immediate delivery of.

Approved August 4, 1886.

(The Postmaster-General) may contract for the immediate delivery of all articles (bearing special-delivery stamps) from any post-office at any price less than eight cents per piece, when he shall deem it expedient.

Contract for special delivery.
1886, Aug. 4, ch. 901, § 1, 1 Supp., 512.
—may be made.

Approved August 4, 1886.

The Postmaster-General may, in his discretion, direct any free-delivery office to be excepted from the foregoing provision (concerning the delivery of special-delivery matter by postmasters' clerks or other persons), and require the delivery to be made entirely by special messengers, according to the provisions of the act to which this is amendatory.

Special-delivery messengers.
1886, Aug. 4, ch. 901, § 1, 1 Supp., 512.
—at free-delivery offices.

Approved August 4, 1886.

Regulations for special-delivery service.
1886, Aug. 4, ch. 901, § 2, 1 Supp., 512.
—Postmaster-General may prescribe.

The Postmaster-General shall prescribe suitable regulations, not inconsistent with the law, for the performance of the immediate-delivery service, the keeping of the records and rendering of accounts thereof, and all matters connected therewith, and may prescribe the hours within which such immediate delivery shall be made at any post-office.

Approved August 4, 1886.

False returns of special-delivery business.
1886, Aug. 4, ch. 901, § 3, 1 Supp., 512.
—penalty.

That any postmaster, or any assistant postmaster, clerk, or employee of a postmaster, who shall make any false return or record of the receipt or delivery of any article of mailable matter as being stamped with a special-delivery stamp, or shall make any false return of the number of articles specially delivered from his office, for the purpose of increasing his compensation under the provisions of this act, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be fined not less than one hundred dollars nor more than five hundred dollars, or imprisoned for a term of not less than thirty days nor more than one year, or both such fine and imprisonment, at the discretion of the court. * * *

Approved August 4, 1886.

False returns of special-delivery business.
1886, Aug. 4, ch. 901, § 3, 1 Supp., 512.
—Postmaster-General may fix compensation when made.

* * * whenever, upon evidence deemed satisfactory to him, the Postmaster-General shall determine that any * * * false return (of the receipt or delivery of any article of mailable matter as being stamped with a special-delivery stamp, or of the number of articles specially delivered) has been made, he may, by order, fix absolutely the compensation of the postmaster for such special delivery during any quarter or quarters which he shall deem affected by such false return, and the Auditor shall adjust the postmaster's account accordingly.

Approved August 4, 1886.

Free-delivery service.
1887, Jan. 3, ch. 14, § 1, 1 Supp., 518.
— establishment of, when.

Letter carriers shall be employed for the free delivery of mail matter, as frequently as the public business may require, at every incorporated city, village, or borough containing a population of fifty thousand within its corporate limits, and may be so employed at every place containing a population of not less than ten thousand, within its corporate limits, according to the last general census, taken by authority of State or United States law, or at any post-office which produced a gross revenue for the preceding fiscal year, of not less than ten thousand dollars: *Provided*, This act shall not affect the existence of the free delivery in places where it is now established: *And provided further*, That in offices where the free delivery shall be established under the provisions of this act, such free delivery shall not be abolished by reason of decrease below ten thousand in population or ten thousand dollars in gross postal revenue, except in the discretion of the Postmaster-General.

—discontinuance of, when.

Approved January 3, 1887.

Classification and salaries of letter-carriers.
Cities over 75,000.
1887, Jan. 3, ch. 14, § 2, 1 Supp., 519.

There may be in all cities which contain a population of seventy-five thousand or more three classes of letter-carriers, as follows: Carriers of the first class, whose salaries shall be one thousand dollars per annum; of the second class, whose salaries shall be eight hundred dollars per annum, and of the third class, whose salaries shall be six hundred dollars per annum.

Cities less than 75,000.
Ib., § 3.

In places containing a population of less than seventy-five thousand there may be two classes of letter-carriers, as follows: Carriers of the second class, whose salaries shall be eight hundred and fifty dollars per annum, and of the third class, whose salaries shall be six hundred dollars per annum.

Approved January 3, 1887.

Bulletins and reports of certain agricultural experiment stations. 1887, Mar. 2, ch. 314, § 4, 1 Supp., 551. —may be sent free.

Bulletins or reports (of progress, one copy to each newspaper in the State or Territory in which the colleges hereafter referred to are located, and to such individuals actually engaged in farming as may request the same) and the annual reports (required by law to be published by the agricultural experiment stations established under the provisions of the act of March 2, 1887, entitled "An act to establish agricultural experiment stations in connection with the colleges established in the various States and Territories under the provisions of an act approved July 2, 1862, and the acts supplementary thereto" for the benefit of agriculture and the mechanic arts) (*of said stations*) shall be transmitted in the mails of the United States free of charge for postage, under such regulations as the Postmaster-General may from time to time prescribe.

Approved March 2, 1887.

Authority for employment of mail-messenger service. 1887, Mar. 3, ch. 346, 1 Supp., 557

The Postmaster-General * * * is hereby authorized to employ such mail-messenger service as may be necessary for the carriage of the mails in connection with railroad and steamboat service, transfer service between depots, over bridges or ferries, between post-offices, post-offices and branch offices or stations, in cases where by the laws and regulations of the Post-Office Department, railroad companies, steamboat companies, and the masters of vessels are not required to deliver into and take from the post-offices the mails carried on their lines or vessels.

Approved March 3, 1887.

Settlement of accounts and on bonds, contracts, etc., in Court of Claims. 1887, Mar. 3, ch. 359, § 3, 1 Supp., 560.

Whenever any person shall present his petition to the Court of Claims alleging that he is or has been indebted to the United States as an officer or agent thereof, or by virtue of any contract therewith, or that he is the guarantor, or surety, or personal representative of any officer, or agent, or contractor so indebted, or that he, or the person for whom he is such surety, guarantor, or personal representative has held any office or agency under the United States, or entered into any contract therewith, under which it may be or has been claimed that an indebtedness to the United States has arisen and exists, and that he or the person he represents has applied to the proper Department of the Government requesting that the account of such office, agency, or indebtedness may be adjusted and settled, and that three years have elapsed from the date of such application and said account still remains unsettled and unadjusted, and that no suit upon the same has been brought by the United States, said court shall, due notice first being given to the head of said Department and to the Attorney-General of the United States, proceed to hear the parties and to ascertain the amount, if any, due the United States on said account. The Attorney-General shall represent the United States at the hearing of said cause. The court may postpone the same from time to time whenever justice shall require. The judgment of said court or of the Supreme Court of the United States, to which an appeal shall lie, as in other cases, as to the amount due, shall be binding and conclusive upon the parties. The payment of such amount so found due by the court shall discharge such obligation. An action shall accrue to the United States against such principal, or surety, or representative to recover the amount so found due, which may be brought at any time within three years after the final judgment of said court. Unless suit shall be brought within said time, such claim and the claim on the original indebtedness shall be forever barred.

—may be had after three years, where can not be had from proper Department.

—final judgment to be conclusive.

Suit on judgment for amount found due.

Approved March 3, 1887.

Letter boxes. —not to be placed inside buildings except. 1887, Mar. 3, ch. 388, 1 Supp., 567.

No boxes for the collection of mail matter by carriers shall be placed inside of any building except a public building, or a building which is freely open to the public during business hours, or a railroad station.

Approved March 3, 1887.

Permissible writing, printing, or additions on second-class matter.
1888, Jan. 20, ch. 2, § 1, 1 Supp., 577.

Mailable matter of the second class shall contain no writing, print, or sign thereon or therein in addition to the original print, except as herein provided, to wit: the name and address of the person to whom the matter shall be sent, index figures of subscriptio book either printed or written, the printed title of the publication and the place of its publication, the printed or written name and address without addition of advertisement of the publisher or sender, or both, and written or printed words or figures, or both, indicating the date on which the subscription to such matter will end, the correction of any typographical error, a mark except by written or printed words, to designate a word or passage to which it is desired to call attention; the words "sample copy" when the matter is sent as such, the words "marked copy" when the matter contains a marked item or article. And publishers or news agents may inclose in their publications, bills, receipts, and orders for subscriptions thereto, but the same shall be in such form as to convey no other information than the name, place of publication, subscription price of the publication to which they refer, and the subscription due thereon.

Approved January 20, 1888.

Permissible additions on third-class matter.
1888, Jan. 20, ch. 2, § 1, 1 Supp., 577.

—what are.

Upon matter of the third class or upon the wrapper or envelope inclosing the same or the tag or label attached thereto the sender may write his own name, occupation, and residence or business address, preceded by the word "from," and may make marks other than by written or printed words to call attention to any word or passage in the text, and may correct any typographical errors. There may be placed upon the blank leaves or cover of any book or printed matter of the third class a simple manuscript dedication or inscription not of the nature of a personal correspondence. Upon the wrapper or envelope of third-class matter or the tag or label attached thereto may be printed any matter mailable as third class, but there must be left on the address side a space sufficient for a legible address and necessary stamps.

Approved January 20, 1888.

Inclosing higher class in lower class matter.
1888, Jan. 20, ch. 2, § 2, 1 Supp., 578.

—penalty for.

Matter of the second, third, or fourth class containing any writing or printing in addition to the original matter other than as authorized in the preceding section (sec. 1) shall not be admitted to the mails, nor delivered, except upon payment of postage for matter of the first class, deducting therefrom any amount which may have been prepaid by stamps affixed, unless by direction of the Postmaster-General such postage shall be remitted; and any person who shall knowingly conceal or inclose any matter of a higher class in that of a lower class, and deposit or cause the same to be deposited for conveyance by mail, at a less rate than would be charged for both such higher and lower class matter, shall for every such offense be liable to a penalty of ten dollars.

Approved January 20, 1888.

Permissible additions to fourth-class matter.
1888, Jan. 20, ch. 2, § 1, 1 Supp., 578.

With a package of fourth-class matter prepaid at the proper rate for that class, the sender may inclose any mailable third-class matter, and may write upon the wrapper or cover thereof, or tag or label accompanying the same, his name, occupation, residence or business address, preceded by the word "from," and any marks, numbers, names, or letters for purpose of description, or may print thereon the same, and any printed matter not in the nature of a personal correspondence, but there must be left on the address side or face of the package a space sufficient for a legible address and necessary stamps.

Approved January 20, 1888.

Directions for transmission, delivery, etc., par. of address.
1888, Jan. 20, ch. 2, § 1, 1 Supp., 578.

In all cases directions for transmit (transmission), delivery, forwarding, or return shall be deemed part of the address. * * *

Approved January 20, 1888.

Postmaster-General authorized to allow credit for certain losses.

1888, May 9, ch. 231, 1 Supp., 585.

—not due to negligence of postmasters.

The Postmaster-General * * * is hereby authorized to investigate all claims of postmasters for the loss of money-order funds, postal funds, postage stamps, stamped envelopes, newspaper wrappers, and postal cards, belonging to the United States in the hands of such postmasters, resulting from burglary, fire, or other unavoidable casualty, and if he shall determine that such loss resulted from no fault or negligence on the part of such postmasters, to pay to such postmasters, or credit them with the amount so ascertained to have been lost or destroyed, and also to credit postmasters with the amount of any remittance of money-order funds or postal funds made by them in compliance with the instructions of the Postmaster-General, which shall have been lost or stolen while in transit by mail from the office of the remitting postmaster to the office designated as his depository, or after arrival at such depository office and before the postmaster at such depository office has become responsible therefor: *Provided*, That no claim exceeding the sum of two thousand dollars shall be paid or credited until after the facts shall have been ascertained by the Postmaster-General and reported to Congress, together with his recommendation thereon, and an appropriation made therefor: *And provided further*, * * * that no claim for losses * * * shall be allowed unless presented within six months from the time the loss occurred.

—in excess of $2,000 to be reported to Congress.

See 1896, June 11, ch. 424, 2 Supp., 528 (limit increased to $10,000).

Claims to be filed in six months.

Reports.

It is hereby made the duty of the Postmaster-General to report his action herein to Congress annually, with his reasons therefor in each particular case.

Approved May 9, 1888.

Hours of service.

1888, May 24, ch. 308, 1 Supp., 587.

—not to exceed eight a day.

—extra, pay for.

* * * Eight hours shall constitute a day's work for letter carriers in cities or postal districts connected therewith, for which they shall receive the same pay as is now paid as for a day's work of a greater number of hours. If any letter carrier is employed a greater number of hours per day than eight he shall be paid extra for the same in proportion to the salary now fixed by law.

Approved May 24, 1888.

False evidence as to character of publication to secure entry as second-class.

1888, June 18, ch. 394, 1 Supp., 593.

—penalty for submitting.

Any person who shall submit, or cause to be submitted to any postmaster or to the Post-Office Department or any officer of the postal service any false evidence, relative to the character of any publication, for the purpose of securing the admission thereof at the second-class rate for transportation in the mails, shall be deemed guilty of a misdemeanor, and for every such offense, upon conviction thereof, shall be punished by a fine of not less than one hundred dollars nor more than five hundred dollars.

Approved June 18, 1888.

Forging, counterfeiting, or unlawful issue of money orders.

1888, June 18, ch. 394, § 2, 1 Supp., 593.

Alteration of order.

Passing, etc., of forged or altered orders, etc.

Unlawful issue of orders.

Any person who shall, with intent to defraud, falsely forge or counterfeit the signature of any postmaster, assistant postmaster, chief clerk, or clerk upon or to any money-order or postal note, or blank therefor provided or issued by or under the direction of the Post-Office Department of the United States or of any foreign country, and payable in the United States or any material signature or indorsement thereon, or any material signature to any receipt or certificate of identification thereon; any person who shall falsely alter, or cause or procure to be falsely altered in any material respect, or knowingly aid or assist in falsely so altering any such money-order or postal note; any person who shall, with intent to defraud, pass, utter, or publish any such forged or altered money-order or postal note knowing any material signature or indorsement thereon to be false, forged, or counterfeited, or any material alteration therein to have been falsely made; any postmaster, assistant postmaster, or clerk employed in any post-office or branch post-office who shall issue any money-order or postal-note, without having previously received or paid the full amount of money payable therefor, with the purpose of fraudulently obtaining or receiving, or fraudulently enabling any other person, either directly or indirectly, to obtain or receive from the United States, or any officer or agent thereof, the sum of money specified in such money-order or postal

Presentation of forged or unlawfully issued orders, etc.

note; any person who, with intent to defraud the United States, transmits, or presents to, or causes or procures to be transmitted to or presented to any officer, or at any office of the Government of the United States, any money-order or postal note, knowing the same to contain any forged or counterfeited signature to the same or to any material indorsement, receipt, or certificate thereon, or material alteration therein unlawfully made, or to have been unlawfully issued without previous payment of the amount required to be paid upon such issue,

—penalty.

shall, upon conviction, be punishable by fine of not more than five thousand dollars, or by imprisonment at hard labor for not less than one year and not more than five years.

Approved June 18, 1888.

Seeds, bulbs, plants, etc.
1888, July 24, ch. 702, 25 Stat. L., 347.

The postage on seeds, cuttings, bulbs, roots, scions, and plants shall be charged at the rate of one cent for each two ounces or fraction thereof, subject in all other respects to the existing law.

—postage on.

Approved July 24, 1888.

Sureties, limit of liability.
—on bonds of officials of United States, etc., five years.
1888, Aug. 8, ch. 787, § 2, 1 Supp., 605.

If, upon the statement of the account of any official of the United States, or of any officer disbursing or chargeable with public money, by the accounting officers of the Treasury, it shall thereby appear that he is indebted to the United States, and suit therefor shall not be instituted within five years after such statement of said account, the sureties on his bond shall not be liable for such indebtedness.

Approved August 8, 1888.

Obscene matter.
1888, Sept. 26, ch. 1039, § 2, 1 Supp., 621.

Every obscene, lewd, or lascivious book, pamphlet, picture, paper, letter, writing, print, or other publication of an indecent character, and every article or thing designed or intended for the prevention of conception or procuring of abortion, and every article or thing intended or adapted for any indecent or immoral use, and every written or printed card, letter, circular, book, pamphlet, advertisement or notice of any kind giving information, directly or indirectly, where or how, or of whom, or by what means any of the hereinbefore mentioned matters, articles, or things may be obtained or made, whether sealed as first-class matter or not, are hereby declared to be nonmailable matter, and shall not be conveyed in the mails nor delivered from any post-office nor by any letter-carrier; and any person who shall knowingly deposit, or cause to be deposited, for mailing or

—nonmailable.

delivery, anything declared by this section to be nonmailable matter, and any person who shall knowingly take the same, or cause the same to be taken, from the mails for the purpose of circulating or disposing of, or of aiding in the circulation or disposition of the same, shall, for each

—penalty for depositing in or taking from mails.

and every offense, be fined upon conviction thereof not more than five thousand dollars, or imprisonment at hard labor not more than five years, or both, at the discretion of the court. And all offenses committed under the section of which this is amendatory (R. S., § 3893, as amended by act of July 12, 1876, ch. 186), prior to the approval of this act, may be prosecuted and punished under the same in the same manner and with the same effect as if this act had not been passed: *Provided*, That nothing in this act shall authorize any person to open any letter or sealed matter of the first class not addressed to himself.

Approved September 26, 1888.

Scurrilous matter.
1888, Sept. 26, ch. 1039, § 3, 1 Supp., 621.

All matter otherwise mailable by law, upon the envelope or outside cover or wrapper of which, or any postal card upon which, any delineations, epithets, terms, or language of an indecent, lewd, lascivious, obscene, libelous, scurrilous, defamatory, or threatening character, or calculated by the terms or manner or style of display and obviously intended to reflect injuriously upon the character or conduct of another may be written or printed, or otherwise impressed or apparent, are hereby declared nonmailable matter, and shall not be conveyed in the mails, nor delivered from any post-office nor by any letter carrier, and shall be withdrawn from the mails under such regulations as the Postmaster-General shall prescribe; and any person who shall knowingly deposit, or cause to be deposited, for mailing or delivery,

—nonmailable.

—withdrawal of, from mails.

anything declared by this section to be nonmailable matter, and any person who shall knowingly take the same or cause the same to be taken from the mails, for the purpose of circulating or disposing of, or of aiding in the circulation or disposition of the same, shall, for each and every offense, upon conviction thereof, be fined not more than five thousand dollars, or imprisoned at hard labor not more than five years, or both, at the discretion of the court.

Scurrilous matter, penalty for mailing or taking from mails to circulate.

Approved September 26, 1888.

* * * The omission by the sender to place the lawful postage upon a letter bearing such special-delivery stamp and otherwise entitled to immediate delivery under the provisions of this section (act of March 3, 1885, ch. 342, §3), shall not hinder or delay the transmission and delivery thereof as provided herein, but such lawful postage shall be collected upon its delivery, in the manner now provided by law for the collection of deficient postage resulting from overweight of letters.

Postage on special delivery letters.
—omission to pay on letters, not to delay transmission.
1889, Jan. 16, ch. 50, 1 Supp., 638.

Approved January 16, 1889.

The Postmaster-General may conclude arrangements with the post departments of foreign governments with which postal conventions have been or may be concluded for the exchange, by means of postal orders, of small sums of money, not exceeding one hundred dollars in amount, at such rates of exchange * * * and under such rules and regulations as he may deem expedient; and the expenses of establishing and conducting such systems of exchange may be paid out of the proceeds of the money-order business.

Establishment of international money-order service.
1889, Jan. 30, ch. 100, 1 Supp., 638.
Conventions.
Fees.
Expenses.

Approved January 30, 1889.

Whenever there shall be in any one of the Executive Departments of the Government an accumulation of files of papers, which are not needed or useful in the transaction of the current business of such Department and have no permanent value or historical interest, it shall be the duty of the head of such Department to submit to Congress a report of that fact, accompanied by a concise statement of the condition and character of such papers. And upon the submission of such report, it shall be the duty of the presiding officer of the Senate to appoint two Senators, and of the Speaker of the House of Representatives to appoint two Representatives, and the Senators and Representatives so appointed shall constitute a joint committee, to which shall be referred such report, with the accompanying statement of the condition and character of such papers, and such joint committee shall meet and examine such report and statement and the papers therein described, and submit to the Senate and House, respectively, a report of such examination and their recommendation. And if they report that such files of papers, or any part thereof, are not needed or useful in the transaction of the current business of such Department, and have no permanent value or historical interest, then it shall be the duty of such head of the Department to sell as waste paper, or otherwise dispose of such files of papers upon the best obtainable terms after due publication of notice inviting proposals therefor, and receive and pay the proceeds thereof into the Treasury of the United States, and make report thereof to Congress.

Useless papers.
1889, Feb. 16, ch. 171, 1 Supp., 644; see 1881, Mar. 3, ch. 130, 1 Supp., 320.
—report thereof to Congress.
—sale of, etc., how authorized.

Approved February 16, 1889.

The Postmaster-General * * * is hereby authorized to classify and fix the salaries of the clerks and employees attached to the first-class post-offices * * * as hereinafter provided.

Assistant postmaster, salary not exceeding fifty per centum of the salary of the postmaster, as provided by act of March third, eighteen hundred and eighty-three, graded in even hundreds of dollars, from one thousand five hundred dollars to not exceeding three thousand dollars per annum, except New York, New York, where the salary of the assistant postmaster shall be fixed at three thousand five hundred dollars per annum, and that of the second assistant postmaster at two thousand dollars per annum.

Classification and salaries of clerks at offices of the first class.
1889, Mar. 2, ch. 374, 1 Supp., 680.
Assistant postmasters.

Secretaries and stenographers to postmaster. Secretary and stenographer to postmaster, five classes, salary, graded in even hundreds of dollars, from one thousand two hundred dollars to not exceeding one thousand six hundred dollars per annum.

Cashiers. Cashier, five classes, salary, graded in even hundreds of dollars, at one thousand eight hundred dollars, two thousand dollars, two thousand two hundred dollars, two thousand four hundred dollars, and not exceeding two thousand six hundred dollars per annum.

Assistant cashiers. Assistant cashier, three classes, graded in even hundreds of dollars, at one thousand two hundred dollars, one thousand three hundred dollars, and not exceeding one thousand four hundred dollars per annum.

Finance clerks, bookkeepers. Finance clerks, including bookkeepers, six classes, salary, graded in even hundreds of dollars, from one thousand two hundred dollars to not exceeding one thousand seven hundred dollars per annum.

Stamp clerks. Stamp clerks, ten classes, salary, graded in even hundreds of dollars, from eight hundred dollars to not exceeding one thousand seven hundred dollars per annum.

* * * * *

Superintendents of mails. Superintendents of mails, salary not exceeding forty-five per centum of the salary of the postmaster, as provided by the act of March third, eighteen hundred and eighty-three, graded in even hundreds of dollars, from one thousand three hundred dollars to not exceeding two thousand seven hundred dollars per annum, except at New York, New York, where the salary of the superintendent of mails shall be fixed at three thousand two hundred dollars per annum.

Assistant superintendents of mails. Assistant superintendent of mails, three classes, salary, graded in even hundreds of dollars, at one thousand two hundred dollars, one thousand three hundred dollars, and not exceeding one thousand four hundred dollars per annum.

Superintendents of delivery. Superintendents of delivery, salary not exceeding forty-five per centum of the salary of the postmaster, as provided by the act of March third, eighteen hundred and eighty-three, graded in even hundreds of dollars, from one thousand three hundred dollars to not exceeding two thousand seven hundred dollars per annum, except at New York, New York, where the salary of the superintendent of delivery shall be fixed at three thousand two hundred dollars per annum.

Assistant superintendents of delivery. Assistant superintendents of delivery, three classes, salary, graded in even hundreds of dollars, at one thousand two hundred dollars, one thousand three hundred dollars, and not exceeding one thousand four hundred dollars per annum.

Superintendents of registry. Superintendents of registry, salary not exceeding thirty-five per centum of the salary of the postmaster, as provided by the act of March third, eighteen hundred and eighty-three, graded in even hundreds of dollars, from one thousand dollars to not exceeding two thousand one hundred dollars per annum, except at New York, New York, Chicago, Illinois, and Washington, District of Columbia, where the salary of the superintendent of registry shall be fixed at not exceeding forty per centum of the salary of the postmaster, as provided by the act of March third, eighteen hundred and eighty-three.

—at New York, Chicago, Washington.

Assistant superintendents of registry. Assistant superintendents of registry, salary not exceeding twenty-five per centum of the salary of the postmaster, as provided by the act of March third, eighteen hundred and eighty-three, graded in even hundreds of dollars, from one thousand dollars to not exceeding one thousand five hundred dollars per annum, except at New York, New York, where the salary of the first and second assistant superintendents of registry shall be fixed at two thousand four hundred dollars and one thousand eight hundred dollars per annum, respectively.

—New York.

Superintendents money-order division. Superintendent, money-order division, salary not exceeding forty per centum of the salary of the postmaster, as provided by the act of March third, eighteen hundred and eighty-three, graded in even hundreds of dollars, from one thousand dollars to not exceeding two thousand four hundred dollars per annum, except at New York, New York, where the salary of the superintendent of the money-order division shall be fixed at three thousand two hundred dollars per annum.

—at New York.

Assistant superintendents *money-order* divisions. Assistant superintendent, money-order division, ten (eleven) classes, salary, graded in even hundreds of dollars, from eight hundred dollars to *not exceeding* one thousand eight hundred dollars per annum, except *at New York*, New York, where the salary of the first and second assist-

—*at New York.*

ant superintendents of money-order division and the chief bookkeeper shall be fixed at two thousand four hundred dollars, one thousand eight hundred dollars, and one thousand eight hundred dollars, respectively.

Superintendents of stations, ten (eleven) classes, salary, graded in even hundreds of dollars, from one thousand dollars to not exceeding two thousand dollars per annum, except at New York, New York, where the salaries of the superintendents of Stations "A" and "D" shall be fixed at two thousand five hundred dollars each per annum, and superintendents of Stations "E" and "F" shall be fixed at two thousand two hundred dollars each per annum. Superintendents of stations. —at New York.

Clerks in charge of stations, nine classes, salary, graded in even hundreds of dollars, from one hundred dollars to not exceeding nine hundred dollars per annum. Clerks in charge of stations.

Foremen of crews or working sections, six classes, salary, graded in even hundreds of dollars, from nine hundred dollars to not exceeding one thousand four hundred dollars per annum. Foreman of working sections, etc.

Mailing clerks, letter distributors, dispatchers, registry, money order, directory, and nixie clerks, nine classes, salary, graded in even hundreds of dollars, from six hundred dollars to not exceeding one thousand four hundred dollars per annum. Mailing clerks, etc.

Separators and assorters, paper distributors, record clerks, general-delivery clerks, inquiry clerks, clerks for special-delivery mail, raters of third and fourth class mail matter, weighers of second-class mail matter, stock or supply clerks, and timekeepers, seven classes, salary, graded in even hundreds of dollars, from six hundred dollars to not exceeding one thousand two hundred dollars per annum. Separators, etc.

Stampers and mail messengers, five classes, salary, graded in even hundreds of dollars, from four hundred dollars to not exceeding eight hundred dollars per annum. Stampers, etc.

Printers, four classes, salary, graded in even hundreds of dollars, from nine hundred dollars to not exceeding one thousand two hundred dollars per annum. Printers.

Pressmen, messengers, watchmen, laborers, janitors, porters, firemen, carpenters, waste-paper examiners, and general utility clerks, four classes, salary, graded in even hundreds of dollars, from four hundred dollars to not exceeding seven hundred dollars per annum. Pressmen, messengers, etc.

Auditor and draftsman at New York, New York, three thousand dollars and one thousand two hundred dollars per annum, respectively. Auditor and draftsman, New York.

Approved March 2, 1889.

The Postmaster-General is hereby authorized to classify and fix the salaries of the clerks attached to second-class post-offices, * * * as hereinafter provided. Classification of clerks in offices of the second class.

Chief clerk, nine classes, salary, graded in even hundreds of dollars, from seven hundred dollars to not exceeding one thousand five hundred dollars per annum. 1889, Mar. 2, ch. 374; 1 Supp. R. S., 682. Chief clerk.

Mailing clerks, letter distributers, dispatchers, registry clerks, stamp clerks, and money-order clerks, five classes, salary, graded in even hundreds of dollars, from six hundred dollars to not exceeding one thousand dollars per annum. Mailing clerks, etc.

Separators and assorters, paper distributers, general-delivery clerks, and general-utility clerks, four classes, salary, graded in even hundreds of dollars, from six hundred dollars to not exceeding nine hundred dollars per annum. Separators etc.

Stampers, messengers, porters, janitors, and watchmen, four classes, salary, graded in even hundreds of dollars, from three hundred dollars to not exceeding six hundred dollars. Stampers, messengers, etc.

Approved March 2, 1889.

No clerk or employee (in any post-office of the first or second class) shall be promoted or advanced in grade or salary without the approval of the Postmaster-General, * * * and postmasters at offices of the first and second classes shall submit rosters of the clerks attached to their respective offices to the Postmaster-General, to take effect from the first day of the fiscal year, * * * and no roster shall be considered in effect until approved by the Postmaster-General. Clerks in first and second class post-offices not to be changed without approval of Postmaster-General. 1889, Mar. 2, ch. 374; 1 Supp., 682. Rosters.

Approved March 2, 1889.

Contracts.—supplies for free delivery.
1889, Mar. 2, ch. 374; 1 Supp., 682.

The Postmaster-General may, when if in his judgment the good of the service so requires, make contract for necessary supplies for the free-delivery service for a period not exceeding four years.

Approved March 2, 1889.

Fraudulent and green goods schemes.
1889, Mar. 2, ch. 393, § 1, 1 Supp., 694.

If any person having devised or intending to devise any scheme or artifice to defraud, or to sell, dispose of, loan, exchange, alter, give away, or distribute, supply, or furnish, or procure for unlawful use any counterfeit or spurious coin, bank notes, paper money, or any obligation or security of the United States or of any State, Territory, municipality, company, corporation, or person, or anything represented to be or intimated or held out to be such counterfeit or spurious articles, or any scheme or artifice to obtain money by or through correspondence, by what is commonly called the "sawdust swindle," or "counterfeit-money fraud," or by dealing or pretending to deal in what is commonly called "green articles," "green coin," "bills," "paper goods," "spurious Treasury notes," "United States goods," "green cigars," or any other names or terms intended to be understood as relating to such counterfeit or spurious articles, to be effected by either opening or intending to open correspondence or communication with any person whether resident within or outside the United States, by means of the Post-Office Establishment of the United States, or by inciting such other person or any person to open communication with the person so devising or intending, shall, in and for executing such scheme or artifice or attempting so to do, place or cause to be placed, any letter, packet, writing, circular, pamphlet, or advertisement in any post-office, branch post-office, or street or hotel letter-box of the United States, to be sent or delivered by the said Post-Office Establishment, or shall take or receive any such therefrom, such person so misusing the Post-Office Establishment shall, upon conviction, be punishable by a fine of not more than five hundred dollars and by imprisonment for not more than eighteen months, or by both such punishments, at the discretion of the court. The indictment, information, or complaint may severally charge offenses to the number of three when committed within the same six calendar months; but the court thereupon shall give a single sentence, and shall proportion the punishment especially to the degree in which the abuse of the Post-Office Establishment enters as an instrument into such fraudulent scheme and device.

—penalty for use of mails in conduct of.
—venue.
—indictment for.

—using fictitious names, etc., in promotion of.
Id., § 2.

2. Any person who, in and for conducting, promoting, or carrying on, in any manner by means of the Post-Office Establishment of the United States, any scheme or device mentioned in the preceding section, or any other unlawful business whatsoever, shall use or assume or request to be addressed by any fictitious, false, or assumed title, name, or address, or name other than his own proper name, or shall take or receive from any post-office of the United States any letter, postal card, or packet addressed to any such fictitious, false, or assumed title, name, or address, or name other than his own lawful and proper name, shall, upon conviction, be punishable as provided in the first section of this act.

—penalty.

Fictitious matter.
1889, Mar. 2, ch. 393, § 3, 1 Supp., 695.
Treatment of matter addressed to fictitious names, etc., for promotion of unlawful business.

3. The Postmaster-General may, upon evidence satisfactory to him, that any person is using any fictitious, false, or assumed name, title, or address in conducting, promoting, or carrying on, or assisting therein, by means of the Post-Office Establishment of the United States, any business scheme or device in violation of the provisions of this act, instruct any postmaster at any post-office at which such letters, cards, or packets, addressed to such fictitious, false, or assumed name or address arrive to notify the party claiming or receiving such letters, cards, or packets to appear at the post-office and be identified: and if the party so notified fail to appear and be identified, or if it shall satisfactorily appear that such letters, cards, or packets are addressed to a fictitious, false, or assumed name or address, such letters, postal cards, or packages shall be forwarded to the dead-letter office as fictitious matter.

Green goods, fraudulent and fictitious matter.
1889, Mar. 2, ch. 393, § 4, 1 Supp., 695.

4. All matter the deposit of which in the mails is by this act made punishable is hereby declared nonmailable: but nothing in this act shall be so construed as to authorize any person other than an employee of the Dead-Letter Office, duly authorized thereto, to open any letter not addressed to himself.

5. Whenever the Postmaster-General is satisfied that letters or packets sent in the mails are addressed to places not the residence or business address of the persons for whom they are intended, to enable such persons to escape identification, he may direct postmasters to deliver such letters only from the post-office upon identification of persons addressed.

Green goods, etc., nonmailabl.
—delivery of, from post-office, when.
Id., § 5.

Approved March 2, 1889.

The general superintendent, Railway Mail Service, the assistant general superintendent, Railway Mail Service, and the chief clerk, Railway Mail Service, shall be paid their necessary and actual expenses while traveling on the business of the Department.

Traveling expenses of officers, Railway Mail Service.
(1881, Mar. 1, ch. 96, 1 Supp., 319.)

Approved April 16, 1890.

1890, Apr. 16, ch. 85, 1 Supp., 715.

It shall be the duty of the heads of the several Executive Departments of the Government to report to Congress each year in the annual estimates the number of employees in each bureau and office, and the salaries of each who are below a fair standard of efficiency.

Report of employees in the Post-Office Department.
1890, July 11, ch. 667, § 2, 1 Supp., 773.
—below standard of efficiency.

Approved July 11, 1890.

* * * No officer, clerk, or employee of any executive department who is also a notary public or other officer authorized to administer oaths, shall charge or receive any fee or compensation for administering oaths of office to employees of such department required to be taken on appointment or promotion therein.

Clerks who are notaries public not to charge for administering oath.
1890, Aug. 29, ch. 820, § 1, 1 Supp., 791.

Approved August 29, 1890.

The Chief Clerks of the several Executive Departments and of the various bureaus and offices thereof in Washington, District of Columbia, are hereby authorized and directed, on application and without compensation therefor, to administer oaths of office to employees required to be taken on their appointment or promotion.

Chief clerks of Departments may administer oaths.
1890, Aug. 29, ch. 820, § 1, 1 Supp., 791.

Approved August 29, 1890.

No letter, postal card, or circular concerning any lottery, so-called gift concert, or other similar enterprise offering prizes dependent upon lot or chance, or concerning schemes devised for the purpose of obtaining money or property under false pretenses, and no list of the drawings at any lottery or similar scheme, and no lottery ticket or part thereof, and no check, draft, bill, money, postal note, or money order for the purchase of any ticket, tickets, or part thereof, or of any share or any chance in any such lottery or gift enterprise, shall be carried in the mail or delivered at or through any post-office or branch thereof, or by any letter-carrier; nor shall any newspaper, circular, pamphlet, or publication of any kind containing any advertisement of any lottery or gift enterprise of any kind offering prizes dependent upon lot or chance, or containing any list of prizes awarded at the drawings of any such lottery or gift enterprise, whether said list is of any part or of all of the drawing, be carried in the mail or delivered by any postmaster or letter-carrier. Any person who shall knowingly deposit or cause to be deposited, or who shall knowingly send or cause to be sent, anything to be conveyed or delivered by mail in violation of this section, or who shall knowingly cause to be delivered by mail anything herein forbidden to be carried by mail, shall be deemed guilty of a misdemeanor, and on conviction shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than one year, or by both such fine and imprisonment for each offense. Any person violating any of the provisions of this section may be proceeded against by information or indictment and tried and punished, either in the district at which the unlawful publication was mailed or to which it is carried by mail for delivery according to the direction thereon, or at which it is caused to be delivered by mail to the person to whom it is addressed.

Lotteries, gift concerts, etc.
1890, Sept., 19, ch. 908, 1 Supp., 803.
—matter relating to, unmailable.
—advertisements of, in newspapers, etc.
—penalty for mailing matter relating to.
Venue.

Approved September 19, 1890.

Delivery of mail matter to person or concerns conducting lotteries or fraudulent enterprises, etc.
1890, Sept. 19, ch. 908, § 2, 1 Supp., 804.
—Postmaster-General may forbid, when.
Return of matter to senders.
Sealed matter not to be opened.
Public advertisement evidence of agency.

The Postmaster-General may, upon evidence satisfactory to him that any person or company is engaged in conducting any lottery, gift enterprise, or scheme for the distribution of money, or of any real or personal property by lot, chance, or drawing of any kind, or that any person or company is conducting any other scheme or device for obtaining money or property of any kind through the mails by means of false or fraudulent pretenses, representations, or promises, instruct postmasters at any post-offices at which registered letters arrive directed to any such person or company, or to the agent or representative of any such person or company, whether such agent or representative is acting as an individual or as a firm, bank, corporation, or association of any kind, to return all such registered letters to the postmaster at the office at which they were originally mailed, with the word "Fraudulent" plainly written or stamped upon the outside thereof; and all such letters so returned to such postmasters shall be by them returned to the writers thereof, under such regulations as the Postmaster-General may prescribe. But nothing contained in this section shall be so construed as to authorize any postmaster or other person to open any letter not addressed to himself. The public advertisement by such person, or company so conducting such lottery, gift enterprise, scheme, or device, that remittances for the same may be made by registered letters to any other person, firm, bank, corporation, or association named therein shall be held to be prima facie evidence of the existence of said agency by all the parties named therein; but the Postmaster-General shall not be precluded from ascertaining the existence of such agency in any other legal way satisfactory to himself.

Approved September 19, 1890.

Payment of money orders to persons or concerns conducting fraudulent schemes, lotteries, etc.
1890, Sept. 19, ch. 908, § 3, 1 Supp., 804.
—may be forbidden, when.
—orders payable to agents may be included.
Amount of orders to be returned to remitters.
What constitutes evidence of agency.

The Postmaster-General may, upon evidence satisfactory to him that any person or company is engaged in conducting any lottery, gift enterprise, or scheme for the distribution of money, or of any real or personal property by lot, chance, or drawing of any kind, or that any person or company is conducting any other scheme for obtaining money or property of any kind through the mails by means of false or fraudulent pretenses, representations, or promises, forbid the payment by any postmaster to said person or company of any postal money-orders drawn to his or its order or in his or its favor or to the agent of any such person or company, whether such agent is acting as an individual or as a firm, bank, corporation, or association of any kind, and may provide by regulation for the return to the remitters of the sums named in such money-orders. But this shall not authorize any person to open any letter not addressed to himself. The public advertisement by such person or company so conducting any such lottery, gift enterprise, scheme, or device that remittances for the same may be made by means of postal money-orders to any other person, firm, bank, corporation, or association named therein shall be held to be prima facie evidence of the existence of said agency by all the parties named therein; but the Postmaster-General shall not be precluded from ascertaining the existence of such agency in any other legal way.

Approved September 19, 1890

Leaves of absence for clerks.
1890, Oct. 1, ch. 1260, 1 Supp., 875.
—not till in service a year.

* * * Clerks and employees attached to first and second class post-offices * * * (shall) be allowed leaves of absence with full pay for not exceeding fifteen days in any one fiscal year: *Provided*, That no clerk or employee be granted a leave * * * until he has performed service for one year.

Approved October 1, 1890.

Leaves of absence for employees of repair shop.
1890, Oct. 1, ch. 1260, 1 Supp., 875.
—not till in service a year.

* * * The employees of the mail-bag repair shops connected with the Post-Office Department of the United States, whether employed by the month, day, or otherwise, (shall) be allowed leaves of absence with full pay for not exceeding fifteen days in any one fiscal year: *Provided*, That no * * * employee be granted a leave * * * until he has performed service for one year.

Approved October 1, 1890.

Ocean mail service.
1891, Mar. 3, ch. 519, 1 Supp., 905.
See 1885, Mar. 3, ch. 342, § 1, 23 Stat. L., 387.
—authority for establishment of.

The Postmaster-General is hereby authorized and empowered to enter into contracts for a term not less than five nor more than ten years in duration, with American citizens, for the carrying of mails on American steamships, between ports of the United States and such ports in foreign countries, the Dominion of Canada excepted, as in his judgment will best subserve and promote the postal and commercial interests of the United States, the mail service on such lines to be equitably distributed among the Atlantic, Mexican Gulf, and Pacific ports. Said contracts shall be made with the lowest responsible bidder for the performance of said service on each route, and the Postmaster-General shall have the right to reject all bids not in his opinion reasonable for the attaining of the purposes named.

Advertisement for proposals.

2. Before making any contract for carrying ocean mails in accordance with this act the Postmaster-General shall give public notice by advertising once a week, for three months, in such daily papers as he shall select in each of the cities of Boston, New York, Philadelphia, Baltimore, New Orleans, St. Louis, Charleston, Norfolk, Savannah, Galveston, and Mobile, and when the proposed service is to be on the Pacific Ocean, then in San Francisco, Tacoma, and Portland. Such notice shall describe the route, the time when such contract will be made, the duration of the same, the size of the steamers to be used, the number of trips a year, the times of sailing, and the time when the service shall commence, which shall not be more than three years after the contract shall be let. The details of the mode of advertising and letting such contracts shall be conducted in the manner prescribed in chapter eight of title forty-six of the Revised Statutes for the letting of inland mail contracts so far as the same shall be applicable to the ocean mail service.

Vessels and requirements thereof.

3. The vessels employed in the mail service under the provisions of this act shall be American-built steamships, owned and officered by American citizens, in conformity with the existing laws, or so owned and officered and registered according to law, and upon each departure from the United States the following proportion of the crew shall be citizens of the United States, to wit: During the first two years of such contract for carrying the mails, one-fourth thereof; during the next three succeeding years, one-third thereof; and during the remaining time of the continuance of such contract at least one-half thereof; and shall be constructed after the latest and most approved types, with all the modern improvements and appliances for ocean steamers. They shall be divided into four classes. The first class shall be iron or steel screw steamships, capable of maintaining a speed of twenty knots an hour at sea in ordinary weather, and of a gross registered tonnage of not less than eight thousand tons. No vessel except of said first class shall be accepted for said mail service under the provisions of this act between the United States and Great Britain. The second class shall be iron or steel steamships, capable of maintaining a speed of sixteen knots an hour at sea in ordinary weather, and of a gross registered tonnage of not less than five thousand tons. The third class shall be iron or steel steamships, capable of maintaining a speed of fourteen knots an hour at sea in ordinary weather, and of a gross registered tonnage of not less than two thousand five hundred tons. The fourth class shall be iron or steel or wooden steamships, capable of maintaining a speed of twelve knots an hour at sea in ordinary weather, and of a gross registered tonnage of not less than fifteen hundred tons. It shall be stipulated in the contract or contracts to be entered into for the said mail service that the said vessel may carry passengers with their baggage in addition to said mails and may do all ordinary business done by steamships.

—first class.

—second class.

—third class.

—fourth class.

Construction of vessels for conversion into auxiliary naval cruisers.

4. All steamships of the first, second, and third classes employed as above and hereafter built shall be constructed with particular reference to prompt and economical conversion into auxiliary naval cruisers, and according to plans and specifications to be agreed upon by and between the owners and the Secretary of the Navy, and they shall be of sufficient strength and stability to carry and sustain the working and operation of at least four effective rifled cannon of a caliber of not less than six inches, and shall be of the highest rating known to maritime commerce. And all vessels of said three classes heretofore built and so employed shall, before they are accepted for the mail service herein provided for, be thoroughly inspected by a competent naval officer or constructor

detailed for that service by the Secretary of the Navy; and such officer shall report, in writing, to the Secretary of the Navy, who shall transmit said report to the Postmaster-General; and no such vessel not approved by the Secretary of the Navy as suitable for the service required shall be employed by the Postmaster-General as provided for in this act.

Compensation.

5. The rate of compensation to be paid for such ocean mail service of the said first-class ships shall not exceed the sum of four dollars a mile, and for the second-class ships two dollars a mile, by the shortest practicable route, for each outward voyage; for the third-class ships shall not exceed one dollar a mile, and for the fourth-class ships two-thirds of a dollar a mile for the actual number of miles required by the Post-Office Department to be traveled on each outward bound voyage:

Deduction for failure; fines for irregularities.

Provided, That in the case of failure from any cause to perform the regular voyages stipulated for in said contracts or any of them, a pro rata deduction shall be made from the compensation on account of such omitted voyage or voyages; and that suitable fines and penalties may be imposed for delays or irregularities in the due performance of service according to the contract, to be determined by the Postmaster-General:

No other subsidy.

Provided further, That no steamship so employed and so paid for carrying the United States mails shall receive any other bounty or subsidy from the Treasury of the United States.

Transportation and accommodation of postal clerk.

6. Upon each of said vessels the United States shall be entitled to have transported, free of charge, a mail messenger, whose duty it shall be to receive, sort, take in charge and deliver the mails to and from the United States, and who shall be provided with suitable room for the accommodation of himself and the mails.

Volunteers on mail vessels.

7. Officers of the United States Navy may volunteer for service on said mail vessels, and when accepted by the contractor or contractors may be assigned to such duty by the Secretary of the Navy whenever in his opinion such assignment can be made without detriment to the service, and while in said employment they shall receive furlough pay from the Government, and such other compensation from the contractor or contractors as may be agreed upon by the parties: *Provided*, That they shall only be required to perform such duties as appertains to the merchant service.

Cadets.

8. Said vessels shall take, as cadets or apprentices, one American-born boy under twenty-one years of age for each one thousand tons gross register, and one for each majority fraction thereof, who shall be educated in the duties of seamanship, rank as petty officers, and receive such pay for their services as may be reasonable.

Uses of vessels as transports and cruisers.

9. Such steamers may be taken and used by the United States as transports or cruisers, upon payment to the owners of the fair actual value of the same at the time of the taking, and if there shall be a disagreement as to the fair actual value of the same at the time of the taking, and if there shall be a disagreement as to the fair actual [value] between the United States and the owners, then the same shall be determined by two impartial appraisers, one to be appointed by each of said parties, they at the same time selecting a third, who shall act in said appraisement in case the two shall fail to agree.

Approved March 3, 1891.

Deputy Auditors.
—duties of.
—to sign certain papers.
See 1891, Mar. 3, ch. 541, 1 Supp., 926.
Appropriations for supplies.
Acting Auditor.

The Deputy Auditors for the Post-Office Department are charged with the examination, and signing in the name of the Auditor, of Post-Office Department warrants, collection and transfer drafts, and certificates of settlement of accounts to the Postmaster-General, and the control of the appropriations for furniture and miscellaneous items. During the absence of the Auditor one of the Deputy Auditors acts in his stead.

Approved March 3, 1891.

Fourth Assistant Postmaster-General.
1891, Mar. 3, ch. 541, 1 Supp., 927.
Note.

The appointment of a Fourth Assistant Postmaster-General was first authorized by the following appropriation in the act of March 3, 1891:

For Fourth Assistant Postmaster-General, four thousand dollars.

NOTE.—The appropriation for the salary of a Fourth Assistant Postmaster-General has been repeated in every subsequent appropriation act.

Approved March 3, 1891.

Traveling expenses of postal clerks and others.

The division superintendents, assistant division superintendents, and chief clerks, Railway Mail Service, and railway postal clerks, each shall be paid their actual and necessary expenses while actually traveling on the business of the Post-Office Department and away from their several designated headquarters.

Approved March 3, 1891.

See 1891, Mar. 3, ch. 546, 26 Stat. L., 1018.

See 1900, June 2, ch. 613, 31 Stat. L., 259.

Designation of officer to sign warrants.

The Postmaster-General may from time to time designate any officer of the Post-Office Department, above the grade of fourth-class clerk, to sign warrants in his stead, and such warrants when so signed, shall be of the same validity as if they had been signed by the Postmaster-General.

1891, Mar. 3, ch. 547, 1 Supp., 932.

Approved March 3, 1891.

Official matter may be transported by express.

The Postmaster-General is authorized to provide for the transportation of official matter of any Department of the Government, over any railroad or express company, whenever he can do so at a saving to the Government and without detriment to the public service: *Provided*, That nothing in this section shall apply to official matter franked by members of Congress.

1892, July 13, ch. 165, § 5, 2 Supp., 34.

—franked Congressional matter excepted.

Approved July 13, 1892.

Miscellaneous mail lettings.

After providing by general advertisement for the transportation of the mails in any State or Territory as authorized by law, the Postmaster-General may secure any mail service that may become necessary before the next general advertisement for said State or Territory by posting notices, for a period of not less than ten days in the post-offices at the termini of any route to be let, and upon a bulletin board in the Post-Office Department, inviting proposals, in such form and with such guaranty as may be prescribed by the Postmaster-General, for the performance of the proposed service. The contract for such service shall be made to run to the end of the contract term under the general advertisement, shall be made with the lowest bidder whose proposal is in due form, and who, under the law, is eligible as a bidder for such postal service.

1892, July 26, ch. 249, 2 Supp., 47.

—before general advertisement.

—advertisement for.

Term of contracts.

Approved July 26, 1892.

Temporary service.

* * * Temporary service rendered necessary by reason of the failure of any bidder or contractor to perform the service awarded him under this act (meaning the act of July 26, 1892) may be employed by the Postmaster-General without advertisement, at a rate which he may deem reasonable, at the expense of any such failing bidder or contractor.

1892, July 26, ch. 249, § 1, 2 Supp., 48.

—where bidder or contractor under bulletin advertisement fails.

Approved July 26, 1892.

Chutes attached to letter boxes

* * * The Postmaster-General is hereby authorized, in his discretion, to declare by official order that the chutes connected with mail boxes that are attached to any chute or device which may be approved by him are a part of said receiving boxes and under the exclusive care and custody of the Post-Office Department.

1895, Jan. 23, ch. 41, 2 Supp., 76.

—may be declared part of box.

Approved January 23, 1893.

Rural free delivery.

For free-delivery service, including existing experimental free-delivery offices, eleven million two hundred and fifty-four thousand dollars, of which the sum of ten thousand dollars shall be applied under the direction of the Postmaster-General to experimental free-delivery in rural communities other than towns and villages.

Act of Mar. 3, 1893, ch. 213; 27 Stat. L., 732. (Making appropriations for the Postal Service.)

Approved March 3, 1893.

Fourth Asst. P. M. G.

—to approve postmasters' bonds

* * * The bonds of all postmasters, by the direction of the Postmaster-General, may be approved and accepted and the approval and acceptance signed by the Fourth Assistant Postmaster-General in the name of the Postmaster-General.

1893, Dec. 21, ch. 6; 2 Supp., 165.

Approved December 21, 1893.

Payment of postal revenues into the Treasury.
1894, Jan. 22, ch. 17, 2 Supp., 166.
See 1896, May 28, ch. 252, § 5, 2 Supp., 478.
Duplicate receipts for deposits.

The postal revenues and all debts due the Post-Office Department shall, when collected, be paid into the Treasury of the United States under the direction of the Postmaster-General, and the Treasurer, assistant treasurer, or designated depository receiving such payment shall give the depositor a duplicate receipt therefor, to be retained by him in his office as a voucher, and shall forward the original to the Auditor for the Post-Office Department, to be placed to the credit of the depositor in audit of his accounts.

Approved January 22, 1894.

Money orders. —fees and limitations.
1894, Jan. 27, ch. 21, § 2, Supp., 166.
Single order limited to $100.
Fees for money orders.

A money order shall not be issued for more than one hundred dollars, and fees for domestic money orders shall be as follows, to wit:

For orders not exceeding two dollars and fifty cents, three cents.

For orders exceeding two dollars and fifty cents and not exceeding five dollars, five cents.

For orders exceeding five dollars and not exceeding ten dollars, eight cents.

For orders exceeding ten dollars and not exceeding twenty dollars, ten cents.

For order exceeding twenty dollars and not exceeding thirty dollars, twelve cents.

For orders exceeding thirty dollars and not exceeding forty dollars, fifteen cents.

For orders exceeding forty dollars and not exceeding fifty dollars, eighteen cents.

For orders exceeding fifty dollars and not exceeding sixty dollars, twenty cents.

For orders exceeding sixty dollars and not exceeding seventy-five dollars, twenty-five cents.

For orders exceeding seventy-five dollars and not exceeding one hundred dollars, thirty cents.

Approved January 27, 1894.

Allowance for clerks.
1894, Jan. 27 ch. 21, § 3, 2 Supp 167.
—at 1st and 2d class offices.
—at other money order offices.
—at international exchange offices.

Postmasters at money-order post-offices of the first and second classes may be allowed by the Postmaster-General to employ such number of clerks in the transaction of their money-order business and at such rates of compensation, respectively, as he may deem expedient. The allowances for clerk hire made to postmasters of the first and second class post-offices by the Postmaster-General out of the annual appropriation for clerks in post-offices shall cover the cost of clerical services of all kinds in such post-offices, including the cost of clerical labor in the money-order business. And at all other money-order post-offices the compensation for the clerical labor in the money-order business shall be paid out of the fees received for the issue of money orders, and shall be three cents for each domestic or international money order issued: *Provided*, That the Postmaster-General may allow to the postmaster at each international exchange office such additional amount in each case, out of the annual appropriation for clerks in post-offices, as he may deem expedient, to enable these postmasters to obtain the clerical labor necessary for the performance of such special duties as are imposed upon them by the operations of the money-order system and are not required of other postmasters.

Approved January 27, 1894.

Salaries of postmasters to be full compensation for all risks, liabilities, etc.
1894, Jan. 27 ch. 21, § 3, 2 Supp., 167.

The salaries of postmasters, as fixed by law, shall be deemed and taken to be full compensation for the responsibility and risk incurred and for the personal services rendered by them as custodians of the money-order and other funds of the Post-Office Department.

Approved January 27, 1894.

Allowances to include all clerical services.
1894, Jan. 27 ch. 21, § 3, 2 Supp., 167.

The allowances for clerk hire made to postmasters of the first and second class post-offices by the First Assistant Postmaster-General, out of the annual appropriation for clerks in post-offices, shall cover the cost of clerical services of all kinds in such post-offices, including the cost of clerical labor in the money-order business.

Approved January 27, 1894.

* * * It shall be the duty of postmasters at all money-order offices to render to the Auditor for the Post-Office Department a monthly statement * * * of all domestic money orders payable at their respective offices, as evidenced by advice, remaining unpaid for one year from the last day of the month of issue, such statement to be accompanied by the advice, * * * and the amount of money represented by the Auditor's statement and by the monthly statements of the postmasters, as certified to the Postmaster-General by the Auditor, shall be turned into the Treasury by the Postmaster-General for account of the Post-Office Department to be used as current revenues.

Monthly statements of unpaid orders one year old.

1894, Jan. 27, ch. 21, § 4, 2 Supp., 167.

Disposition of money represented by unpaid orders.

Approved January 27, 1894.

Domestic money orders shall not be paid at the offices upon which they are drawn, or at the offices of issue after one year from the last day of the month of issue of such money orders; but such money orders shall be sent to the Post-Office Department and shall be paid by a warrant to the Postmaster-General countersigned by the Auditor for the Post-Office Department out of any money in the Treasury to the credit of the Post-Office Department, to the extent of the moneys paid in on this account, the payments so made to be charged to an appropriation account hereby created to be denominated "Unpaid money orders more than one year old."

Invalid money orders.

1894, Jan. 27, ch. 21, § 4, 2 Supp., 168.

—payable only by warrant.

—appropriation out of which payable.

Approved January 27, 1894.

It shall be the duty of the postmasters to attach to their accounts rendered to the Auditor for the Post-Office Department the letters of advice, or if lost evidence of that fact, recalled from the post-office to which originally sent for all repayments of domestic money orders provided for in this section and in section four thousand and thirty-eight of the Revised Statutes of the United States.

Advices of repaid orders to be attached to accounts.

1894, Jan 27, ch. 21, § 6, 2 Supp., 168.

Approved January 27, 1894.

The Postmaster-General shall supply such money-order offices, as he may deem expedient, with blank forms of application for money orders, in such form as he may direct.

Form of applications.

1894, Jan. 27, ch. 21, § 7 2 Supp., 168.

Approved January 27, 1894.

It shall be the duty of postmasters at post-offices authorized to issue money orders to render to the Auditor for the Post-Office Department monthly, semimonthly, weekly, semiweekly, or daily accounts of all money orders issued and paid, of all fees received for issuing them, of all transfers and payments made from money-order funds, and of all money received to be used for the payment of money orders or on account of money-order business.

Money-order accounts.

1894, Jan 27, ch. 21, § 8, 2 Supp., 168.

Approved January 27, 1894.

The Postmaster-General shall furnish money-order offices with printed or engraved forms for domestic money orders, * * * and no money order shall be valid unless drawn upon such form.

Money-order forms.

1894, Jan. 27, ch. 21, § 9, 2 Supp., 168.

No order valid unless on regular form.

Approved January 27, 1894.

Whenever a money order has been lost within one year from the last day of the month of issue, the Postmaster-General, upon the application of the remitter or payee of such order, may cause a duplicate thereof to be issued, without charge, providing the person losing the original shall furnish a certificate from the postmaster by whom it was payable that it has not been, and will not thereafter be, paid; and a similar certificate from the postmaster by whom it was issued that it has not been, and will not thereafter be, repaid.

Lost valid money orders.

1894, Jan. 27, ch. 21, § 11, 2 Supp., 169.

—payment of by duplicate.

Certificate of issuing and paying postmasters

Approved January 27, 1894.

* * * Whenever a money order, which has not been paid within one year from the last day of the month of issue, has been lost, the Postmaster-General, upon the application of the remitter or payee of such order, shall issue a warrant for the payment thereof, as provided for in section four of this act, without charge, on the certificate of the Auditor for the Post-Office Department, or upon such other proof satisfactory to the Postmaster-General, that the order has not been paid.

Lost invalid money orders.

1894, Jan. 27, ch. 21, § 11, 2 Supp., 169.

—warrant for payment of, issued on application.

—proof of non-payment of.

Approved January 27, 1894.

Proposals for certain supplies to be called for at same time by all Departments.
1894, Jan. 27, ch. 22, 2 Supp., 169; 1894, Apr. 21, ch. 61, 2 Supp., 180.

The advertisement for * * * proposals (for fuel, ice, stationery, and other miscellaneous supplies, to be purchased at Washington for the use of the Executive Departments and other Government establishments) shall be made by all the Executive Departments, including the Department of Labor, the United States Fish Commission, the Interstate Commerce Commission, the Smithsonian Institution, the Government Printing Office, the government of the District of Columbia, and the superintendent of the State, War, and Navy building, except for paper and materials for use of the Government Printing Office, and materials used in the work of the Bureau of Engraving and Printing, which shall continue to be advertised for and purchased as now provided by law, on the same days and shall each designate two o'clock post meridian of such days for the opening of all such proposals in each Department and other Government establishment in the city of Washington; and the Secretary of the Treasury shall designate the day or days in each year for the opening of such proposals and give due notice thereof to the other Departments and Government establishments. Such proposals shall be opened in the usual way and schedules thereof duly prepared and, together with the statement of the proposed action of each Department and Government establishment thereon, shall be submitted to a board, consisting of one of the Assistant Secretaries of the Treasury and Interior Departments and one of the Assistant Postmasters-General, who shall be designated by the heads of said Departments and the Postmaster-General, respectively, at a meeting to be called by the official of the Treasury Department, who shall be chairman thereof, and said board shall carefully examine and compare all the proposals so submitted and recommend the acceptance or rejection of any or all of said proposals. And if any or all of such proposals shall be rejected, advertisements for proposals shall again be invited and proceeded with in the same manner.

—Secretary of Treasury to designate time of opening.

—board to consider.

Approved January 27, 1894.

Delivery of supplies by contractors.
1894, July 16, ch. 137, § 2, 2 Supp., 196.

* * * In making contracts for postal cards, stamped envelopes, stamped paper, and all other supplies, the Postmaster-General is authorized to require the contractor, under such regulations as he may prescribe, to make delivery at such points in the United States as he may direct, whenever, in his opinion, any such contract can be made at a saving to the Government.

Approved July 16, 1894.

Publications issued by benevolent or fraternal societies, institutions of learning, etc.
1894, July 16, ch. 137, 2 Supp., 196.

All periodical publications issued from a known place of publication at stated intervals and as frequently as four times a year, by or under the auspices of a benevolent or fraternal society or order organized under the lodge system and having a bona fide membership of not less than one thousand persons or by a regularly incorporated institution of learning, or by or under the auspices of a trades union, and all publications of strictly professional, literary, historical, or scientific societies, including the bulletins issued by State boards of health, shall be admitted to the mails as second-class matter and the postage thereon shall be the same as on other second-class matter and no more: *Provided further*, That such matter shall be originated and published to further the objects and purposes of such society, order, trades union, or institution of learning and shall be formed of printed paper sheets without board, cloth, leather or other substantial binding such as distinguish printed books for preservation from periodical publications.

Bulletins of State boards of health.
—admission as second-class matter.

Approved July 16, 1894.

Destruction of money-order statements and paid orders.
1894, July 16, ch. 137, § 4, 2 Supp., 196.
(1897, Mar. 3, ch. 385, 2 Supp., 599.)

The Secretary of the Treasury and the Postmaster-General shall cause to be destroyed in such manner as they may deem best all money-order statements rendered by postmasters and all paid Money Orders and paid Postal Notes accompanying the same, now filed in the office of the Auditor for the Post-Office Department, or which may hereafter be filed therein, after ten years shall have elapsed from the expiration of the period covered by such statements.

(Note.—Act of Mar. 3, 1897, ch. 385, changes "ten" years to "seven" years.)

Approved July 16, 1894.

Money orders. —more than seven years old. 1894, July 16, ch. 137, § 4, 2 Supp., 196. See 1897, Mar. 3, ch. 385, 2 Supp., 599.

The Postmaster-General, upon evidence satisfactory to him, and under such special regulations as he shall prescribe, may cause payment to be made in the manner prescribed in sections four and eleven of the act approved January 27, 1894, of the amount of any money order remaining unpaid after the lapse of seven years from the date of issue.

Approved July 16, 1894.

Holding two offices forbidden. 1894, July 31, ch. 174, § 2, 2 Supp., 212. —exceptions.

No person who holds an office the salary or annual compensation attached to which amounts to the sum of two thousand five hundred dollars shall be appointed to or hold any other office to which compensation is attached unless specially heretofore or hereafter authorized thereto by law.

Approved July 31, 1894

Auditor for P. O. Dept. —title of. 1894, July 31, ch. 174, § 3, 2 Supp., 212.

The Auditors of the Treasury shall hereafter be designated as follows: * * * the Sixth Auditor as Auditor for the Post-Office Department.

Approved July 31, 1894.

Auditing of Post-Office Department and postal accounts. 1894, July 31 ch. 174, § 7, 2 Supp., 214. See R. S., § 277. Certification of balances.

* * * The Auditor for the Post-Office Department shall receive and examine all accounts of salaries and incidental expenses of the office of the Postmaster-General and of all bureaus and offices under his direction, all postal and money-order accounts of postmasters, all accounts relating to the transportation of the mails, and to all other business within the jurisdiction of the Post-Office Department, and certify the balances arising thereon to the Postmaster-General for accounts of the postal revenues and expenditures therefrom, and to the Division of Bookkeeping and Warrants for other accounts, and send forthwith copies of the certificates in the latter cases to the Postmaster-General. * * *

Approved July 31, 1894

Balances certified by Auditor. 1894, July 31, ch. 174, § 8, 2 Supp., 215.

The balances which may from time to time be certified by the Auditors to the Division of Bookkeeping and Warrants, or to the Postmaster-General, upon the settlements of public accounts, shall be final and conclusive upon the executive branch of the Government, except that any person whose accounts may have been settled, the head of the executive department, * * * or the Comptroller of the Treasury, may, within a year, obtain a revision of the said account by the Comptroller of the Treasury, whose decision upon such revision shall be final and conclusive upon the executive branch of the Government: *Provided*, That the Secretary of the Treasury may, when in his judgment the interests of the Government require it, suspend payment and direct the reexamination of any account.

—subject to revision by Comptroller.

Secretary of Treasury may direct reexamination of accounts.

Approved July 31, 1894.

Where payment is accepted, revision can not be had. 1894, July 31, ch. 174, § 8, 2 Supp., 215. Separate items may be suspended.

Any person accepting payment under a settlement by an Auditor shall be thereby precluded from obtaining a revision of such settlement as to any items upon which payment is accepted; but nothing in this act shall prevent an Auditor from suspending items in an account in order to obtain further evidence or explanations necessary to their settlement. When suspended items are finally settled a revision may be had as in the case of the original settlement. Action upon any account or business shall not be delayed awaiting applications for revision: *Provided*, That the Secretary of the Treasury shall make regulations fixing the time which shall expire before a warrant is issued in payment of an account certified as provided in sections seven and eight of this act.

Secretary of Treasury to fix time before warrant issues.

Approved July 31, 1894.

Execution of pension vouchers before fourth-class postmasters. 1894, Aug. 23, ch. 319, 2 Supp., 264.

Fourth-class postmasters of the United States are hereby required, empowered, and authorized to administer any and all oaths required to be made by pensioners and their witnesses in the execution of their vouchers with like effect and force as officers having a seal, and such postmaster shall affix the stamp of his office to his signature to such vouchers, and he is authorized to charge and receive for each voucher not exceeding twenty-five cents, to be paid by the pensioner.

Approved August 23, 1894.

Congressional documents.
1895, Jan. 12, ch. 23, § 85, 2 Supp., 362.
—may be sent and received by mail free, by whom, and when.

The Vice-President, Senators, Representatives, and Delegates in Congress, the Secretary of the Senate, and Clerk of the House of Representatives may send and receive through the mail (free) all public documents printed by order of Congress; and the name of the Vice-President, Senator, Representative, Delegate, Secretary of the Senate, and Clerk of the House shall be written thereon, with the proper designation of the office he holds; and the provisions of this section shall apply to each of the persons named therein until the first day of December following the expiration of their respective terms of office.

Approved January 12, 1895.

Printing.
—not to be in excess of appropriation.
1895, Jan. 12, ch. 23, § 89, 2 Supp., 362.

No printing shall be done for the Executive Departments in any fiscal year in excess of the amount of the appropriation, and none shall be done without a special requisition, signed by the chief of the Department and filed with the Public Printer.

Reports of mail contracts not to be printed.
Id., § 73, 2 Supp., 356. See R. S., § 3797.

The following reports required by law to be made to Congress shall not be printed unless the printing be recommended by the head of the Department making the same, and ordered by concurrent resolution of Congress, namely: Report of contracts for conveying the mails. Report of fines and deductions in the Post-Office Department. * * *

Approved January 12, 1895.

Public printing.
—only as authorized by law.
1895, Jan. 12, ch. 23, § 94, 2 Supp., 364.
—of annual reports.

No head of any Executive Department, or of any bureau, branch, or office of the Government, shall cause to be printed, nor shall the Public Printer print, any document or matter except that which is authorized by law and necessary to the public business; and executive officers, before transmitting their annual reports, shall carefully examine the same and all accompanying documents, and exclude therefrom all matter, including engravings, maps, drawings, and illustrations, except such as they shall certify in their letters transmitting such reports are necessary and relate entirely to the transaction of the public business.

Approved January 12, 1895.

Contracts for envelopes for all Departments to be made by Postmaster-General.
Act 1895, Jan. 12, ch. 23, § 96, 2 Supp., 364.

The Postmaster-General shall contract for all envelopes, stamped or otherwise, designed for sale to the public, or for use by his own or other Departments, and may contract for them to be plain or with such printed matter as may be prescribed by the Department making requisition therefor: *Provided*, That no envelope furnished by the Government shall contain any business address or advertisement.

Approved January 12, 1895.

Residence of postal clerks.
1895, Feb. 28, ch. 140, 2 Supp., R. S., 392.
—to be on route.
—exception.

All clerks (employed in the Railway Mail Service and performing duty in railway post-offices) * * * shall reside at some point on the route to which they are assigned; but railway postal clerks * * * appointed prior to February twenty-eighth, eighteen hundred and ninety-five, and now performing such duty shall not be required to change their residence.

Approved February 28, 1895.

Post-route maps—contract for printing.
1895, Mar. 2, ch. 177, 2 Supp., 417.

The Postmaster-General may, in his discretion, cause the contract for printing post-route maps to be let for a term of four years.

Approved March 2, 1895.

Official bonds.
1895, Mar. 2, ch. 177, § 5, 2 Supp., 418.
—to be examined every two years.

Every officer required by law to take and approve official bonds shall cause the same to be examined at least once every two years for the purpose of ascertaining the sufficiency of the sureties thereon; and every officer having power to fix the amount of an official bond shall examine it to ascertain the sufficiency of the amount thereof and approve or fix said amount at least once in two years and as much oftener as he may deem it necessary.

—to be renewed every four years.

Every officer whose duty it is to take and approve official bonds shall cause all such bonds to be renewed every four years after their dates, but he may require such bonds to be renewed or strengthened oftener if he deem such action necessary. In the discretion of such officer the requirement of a new bond may be waived for the period of service

of a bonded officer after the expiration of a four-year term of service pending the appointment and qualification of his successor: *Provided*, That the nonperformance of any requirement of this section on the part of any official of the Government shall not be held to affect in any respect the liability of principal or sureties on any bond made or to be made to the United States: *Provided further*, That the liability of the principal and sureties on all official bonds shall continue and cover the period of service ensuing until the appointment and qualification of the successor of the principal: *And provided further*, That nothing in this section shall be construed to repeal or modify section thirty-eight hundred and thirty-six of the Revised Statutes of the United States.

Official bonds, liability on, to cover period of service.

Postmasters' bonds not affected.

Approved March 2, 1895.

Any person who shall cause to be brought within the United States from abroad, for the purpose of disposing of the same, or deposited in or carried by the mails of the United States, or carried from one State to another in the United States, any paper, certificate, or instrument purporting to be or represent a ticket, chance, share, or interest in or dependent upon the event of a lottery, so-called gift concert, or similar enterprise, offering prizes dependent upon lot or chance, or shall cause any advertisement of such lottery, so-called gift concert, or similar enterprise, offering prizes dependent upon lot or chance, to be brought into the United States, or deposited in or carried by the mails of the United States, or transferred from one State to another in the same, shall be punishable in the first offense by imprisonment for not more than two years or by a fine of not more than one thousand dollars, or both, and in the second and after offenses by such imprisonment only.

Importation and circulation by interstate commerce, etc., of lottery matter. 1895, Mar. 2, ch. 191, § 1, 2 Supp., 435.

—penalty.

Approved March 2, 1895.

The powers conferred upon the Postmaster-General by the statute of eighteen hundred and ninety, chapter nine hundred and eight, section two, are hereby extended and made applicable to all letters or other matter sent by mail.

Mail for lotteries, fraudulent schemes, etc. 1895, Mar. 2, ch. 191, § 4, 2 Supp., 436.

Approved March 2, 1895.

The Secretary of Agriculture, in cooperation with the Postmaster-General, may arrange a plan by which there shall be displayed on all cars and other conveyances used for transporting United States mail suitable flags or other signals to indicate weather forecasts, cold-wave warnings, frost warnings, and so forth, to be furnished by the Chief of the Weather Bureau.

Display of weather signals on cars and vehicles transporting the mail. 1896, Apr. 25, ch. 140, 2 Supp., 459.

Approved April 25, 1896.

The Postmaster-General may, in his discretion, cause the contract for furnishing the official Postal Guide to be let for a term of four years.

—Postal Guide. 1896, May 28, ch. 252, 2 Supp., 477.

Approved May 28, 1896.

Each head of a Department may, from time to time, alter the distribution among the various bureaus and offices of his Department, of the clerks and other employees allowed by law, except such clerks or employees as may be required by law to be exclusively engaged upon some specific work, as he may find it necessary and proper to do, but all details hereunder shall be made by written order of the head of the Department, and in no case be for a period of time exceeding one hundred and twenty days: *Provided*, That details so made may, on expiration, be renewed from time to time by written order of the head of the Department, in each particular case, for periods of not exceeding one hundred and twenty days. All details heretofore made are hereby revoked, but may be renewed as provided herein.

Assignment of clerks. 1896, May 28, ch. 252, § 3, 2 Supp., 477.

Details.

—renewal of.

Approved May 28, 1896.

Fourth class matter defined.
1896, June 8, ch. 376, 2 Supp., 507. See R. S., § 3011.

Mailable matter of the fourth class shall embrace all matter not embraced in the first, second, or third class which is not in its form or nature liable to destroy, deface, or otherwise damage the contents of the mail bag or harm the person of any one engaged in the postal service, and is not above the weight provided by law. * * *

Approved June 8, 1896.

Limit of weight of mail matter.
1896, June 8, ch. 376, 2 Supp., 507.
—exceptions.

* * * (The limit of weight of mail matter) is hereby declared to be not exceeding four pounds for each package thereof, except in case of single books weighing in excess of that amount, and except for books and documents published or circulated by order of Congress, or printed or written official matter emanating from any of the Departments of the Government or from the Smithsonian Institution, or which is not declared nonmailable under the provisions of section thirty-eight hundred and ninety-three of the Revised Statutes as amended by the act of July twelfth, eighteen hundred and seventy-six, or matter appertaining to lotteries, gift concerts, or fraudulent schemes or devices.

Approved June 8, 1896.

Post-offices discontinued.
—at county seats forbidden for purposes of consolidation.
1896, June 9, ch. 396, 2 Supp., 509.

No post-office established at any county seat shall be abolished or discontinued by reason of any consolidation of post-offices made by the Postmaster-General under existing law * * * : *Provided, however*, That this provision shall not apply to the city of Cambridge, Massachusetts, or to Towson, Maryland.

Approved June 9, 1896.

Free transportation for railway postal clerks.
1896, June 9, ch. 386, 2 Supp., 510.

All railway companies carrying mail may furnish free transportation on the line of their respective roads to railway mail clerks.

Approved June 9, 1896.

Post-office stations.
—limitations upon establishment of.
1896, June 9, ch. 386, 2 Supp., 510.

No station, substation, or branch post-office shall be established beyond the corporate limits or boundaries of any city or town in which the principal office to which such station, substation, or branch office is attached is located, except in cases of villages, towns, or cities of fifteen hundred or more inhabitants not distant more than five miles, as near as may be, from the outer boundary or limits of such city or town in which the principal office is located. * * *

Approved June 9, 1896.

Estimates.
—for money-order service, to be in detail.
1896, June 9, ch. 386, 2 Supp., 510.

The Postmaster-General shall * * * submit in the annual estimates to Congress estimates in detail for all expenses of the money-order branch of the postal service.

Approved June 9, 1896.

Claims for losses.
Act June 11, 1896, ch. 424, 29 Stat. L., 458.
—in excess of $10,000 to be reported to Congress.

That the first proviso in section one of said act (act of May 9, 1888) be so amended as to read as follows:

Provided, That no claim exceeding the sum of ten thousand dollars shall be paid or credited until after the facts shall have been ascertained by the Postmaster-General and reported to Congress, together with his recommendation thereon, and an appropriation made therefor.

Approved June 11, 1896.

Sending obscene matter by common carrier from one State to another.
1897, Feb. 8, ch. 172, 2 Supp., 547.

It shall be unlawful for any person to deposit with any express company or other common carrier for carriage from one State or Territory of the United States or the District of Columbia to any other State or Territory of the United States or the District of Columbia any obscene, lewd, or lascivious book, pamphlet, picture, paper, letter, writing, print, or other matter of indecent character, or any article or thing designed or intended for the prevention of conception or procuring of abortion, or any written or printed card, letter, circular, book, pamphlet, advertisement, or notice of any kind giving information, directly or indirectly, where, how, or of whom, or by what means any of the hereinbefore mentioned articles, matters, or things may be obtained or made; and any person who shall knowingly deposit, or cause to be deposited, with any express company or other common carrier for carriage from one State or

Territory of the United States or the District of Columbia to any other State or Territory of the United States or the District of Columbia, or who shall take from such express company or other common carrier with intent to sell, distribute, or circulate any matter or thing herein forbidden to be deposited for carriage shall for each offense, upon conviction thereof, be fined not more than five thousand dollars or imprisonment at hard labor not more than five years, or both, at the discretion of the court.

Sending obscene matter, penalty.

Approved February 8, 1897.

* * * As a part of such system (of registration) he (the Postmaster-General) may provide rules under which the sender or owners of first-class registered matter shall be indemnified for losses thereof in the mails, the indemnity to be paid out of the postal revenues, but in no case to exceed ten dollars for any one registered piece, or the actual value thereof when that is less than ten dollars, and for which no other compensation or reimbursement to the loser has been made: *Provided*, That the Post-Office Department or its revenues shall not be liable for the loss of any other mail matter on account of its having been registered.

Indemnity for loss of first-class registered matter.
1897, Feb. 27, ch. 348, 2 Supp., 564.
—Postmaster-General to provide rule for payment of.
—limit of indemnity.

Approved February 27, 1897.

[Par. 1.] (1) That there shall not be allowed for the use of any third-class post-office for rent a sum in excess of four hundred dollars, nor more than sixty dollars for fuel and lights, in any one year.

Allowances, limitation on.
1897, Mar. 3, ch. 385, 2 Supp., 579.
—for rent.

For necessary miscellaneous and incidental items directly connected with the first and second class post-offices, including furniture, one hundred and fifty thousand dollars:

Provided, That the Postmaster-General, in his discretion, under such regulations as he shall prescribe, may authorize any of the postmasters of said offices to expend the fund he may allow them for such purposes without the written consent of the Postmaster-General. * * *

—expenditures by postmasters.

[Par. 2.] (2) For inland transportation of mail by electric and cable cars on routes not exceeding twenty miles in length, two hundred and fifty thousand dollars:

Provided, That the rate of compensation to be paid per mile shall not exceed the amount now received by companies performing such service. * * *

—compensation for carrying mail limited.

[Par. 3.] (3) All railway companies carrying mail may furnish free transportation on the line of their respective roads to railway mail clerks. * * *

—free transportation for postal clerks.

[Par. 4.] (4) That hereafter the Postmaster-General shall be authorized to expend such sums as may be necessary, not exceeding fifty-five thousand dollars to cover one-half of the cost of transportation, compensation, and expense of clerks to be employed in assorting and pouching mails in transit on steamships between the United States and other postal administrations in the International Postal Union; and not exceeding forty thousand dollars for transferring the foreign mail from incoming steamships in New York Bay to the several steamship and railway piers and between the steamship piers in New York City and Jersey City and the post-office and railroad stations. * * *

—expenditures for ocean mail service.

[Par. 5.] Section four hundred and thirteen of the (5) Revised Statutes is hereby amended so as to read as follows:

"SEC. 413. The Postmaster-General shall make the following annual reports to Congress:

Reports to Congress.

"First. A report of the finances of the Department for the preceding year, showing the amount of balance due the Department at the beginning of the year, the amount of postage which accrued within the year, the amount of engagements and liabilities and the amount actually paid during the year for carrying the mail, showing how much of the amount was for carrying the mail in preceding years.

—of finances.

"Second. A report of the amount expended in the Department for the preceding fiscal year, including detailed statements of expenditures made from the contingent fund.

—of expenditures.

Reports to Congress, to be printed.

"And the Postmaster-General shall cause all of such reports to be printed at the Public Printing Office, either together or separately, and in such numbers as may be required by the exigencies of the service or by law."

Section four thousand and twenty of the (6) Revised Statutes is hereby amended so as to read as follows:

—assistant superintendents, railway mail service.

"SEC. 4020. The Postmaster-General may appoint two agents to superintend the railway postal service, each of whom shall be paid out of the appropriation for the transportation of the mail a salary at the rate of two thousand five hundred dollars a year, with an allowance for traveling and incidental expenses while actively employed in the service of not more than five dollars a day; and the Auditor for the Post-Office Department shall charge to the appropriation for mail transportation the salary and per diem of the assistant superintendents of the postal-railway service, and to the appropriation for the free-delivery system the salary and per diem of the special agent detailed for that service."

—traveling expenses.

Section four thousand and forty-eight of the (7) Revised Statutes is hereby repealed.

—estimates of expenses of free-delivery service.

The Postmaster-General shall, for the fiscal year eighteen hundred and ninety-nine, and annually thereafter, submit in the annual estimates to Congress estimates in detail as far as practicable for expenses of the free-delivery service.

Destruction of money-order statements and paid orders after seven years.

See 1894, July 16, ch. 137, § 4.

Section four of the act approved July sixteenth, eighteen hundred and ninety-four (8), making appropriations for the service of the Post-Office Department for the fiscal year ending June thirtieth, eighteen hundred and ninety-five, is hereby amended by inserting the word "seven" in place of the word "ten" wherever it occurs in the section.

* * *

Approved March 3, 1897.

Officers aiding in importation or circulation of obscene matter.

1897, July 24, ch. 11, § 17, 2 Supp., 708.

See §§ 16 and 18 of this act.

—penalty.

Whoever, being an officer, agent, or employee of the Government of the United States, shall knowingly aid or abet any person engaged in any violation of any of the provisions of law prohibiting importing, advertising, dealing in, exhibiting, or sending or receiving by mail obscene or indecent publications or representations, or means for preventing conception or procuring abortion, or other articles of indecent or immoral use or tendency, shall be deemed guilty of a misdemeanor, and shall for every offense be punishable by a fine of not more than five thousand dollars or by imprisonment at hard labor for not more than ten years, or both.

Approved July 24, 1897.

Leaves of absence.

1898, Mar. 15, ch. 68, § 7, 2 Supp., 737.

—additional on account of sickness.

—absence in excess of, without pay.

The head of any Department may grant thirty days' annual leave with pay in any one year to each clerk or employee: * * * (and) where some member of the immediate family of a clerk or employee is afflicted with a contagious disease and requires the care and attendance of such employee, or where his or her presence in the Department would jeopardize the health of fellow-clerks, and in exceptional and meritorious cases, where a clerk or employee is personally ill, and where to limit the annual leave to thirty days in any one calendar year would work peculiar hardship, it may be extended, in the discretion of the head of the Department, with pay, not exceeding thirty days in any one case or in any one calendar year. This section shall not be construed to mean that so long as a clerk or employee is borne upon the rolls of the Department in excess of the time herein provided for or granted that he or she shall be entitled to pay during the period of such excessive absence, but that the pay shall stop upon the expiration of the granted leave.

Approved March 15, 1898.

Hours of service in Department.

1898, Mar. 15, ch. 68, § 7, 2 Supp., 736.

It shall be the duty of the heads of the several Executive Departments, in the interest of the public service, to require of all clerks and other employees, of whatever grade or class, in their respective Departments, not less than seven hours of labor each day, except Sundays and days declared public holidays by law or Executive order: *Pro-*

vided, That the heads of the Departments may, by special order, stating the reason, further extend the hours of any clerk or employee in their Departments, respectively; but in case of an extension it shall be without additional compensation: * * *

Hours of service in Department, extension of.

2. It shall be the duty of the head of each Executive Department to require monthly reports to be made to him as to the condition of the public business in the several bureaus or offices of his Department at Washington; and in each case where such reports disclose that the business is in arrears, the head of the Department in which such arrears exist shall require, as provided herein, an extension of the hours of service to such clerks or employees as may be necessary to bring up such arrears of public business.

Reports of condition of business.

Id.

Approved March 15, 1898.

It shall be the duty of the head of each Executive Department, or other Government establishment at the seat of government, not under an Executive Department, to make at the expiration of each quarter of the fiscal year a written report to the President as to the condition of the public business in his Executive Department or Government establishment, and whether any branch thereof is in arrears.

Report to President. —of condition of business to be made quarterly.

1898, Mar. 15, ch.68,§ 7. 2 Supp., 737.

Approved March 15, 1898.

It shall not be lawful to detail clerks or other employees paid from general appropriations for the postal service, from any branch of said postal service, whether located at the seat of government or elsewhere, to any of the offices or bureaus of the Post-Office Department at Washington.

Detail of clerks, etc., from postal to departmental service forbidden.

1898, Mar. 15, ch.68,§ 9, 2 Supp., 738.

Approved March 15, 1898.

It shall be lawful to transmit by mail, at the postage rate of a cent apiece, payable by stamps to be affixed by the sender, and under such regulations as the Postmaster-General may prescribe, written messages on private mailing cards, such cards to be sent openly in the mails, to be no larger than the size fixed by the Convention of the Universal Postal Union, and to be approximately of the same form, quality, and weight as the stamped postal card now in general use in the United States.

Private mailing cards ("post cards") authorized.

1898, May 19, ch. 347, 2 Supp., 766.

Approved May 19, 1898.

* * * Postage on second-class matter mailed shall be collected and accounted for under such regulations as the Postmaster-General may prescribe.

Collection of postage on matter of second class.

1898, June 13, ch. 446, 2 Supp., 778.

See R. S., §§ 3884, 3906.

Approved June 13, 1898.

The Postmaster-General shall have recorded, in a book to be kept for that purpose, a true and faithful abstract of all proposals made to him for carrying the mail, giving the name of the party offering, the terms of the offer, the sum to be paid, and the time the contract is to continue; and he shall put on file and preserve the originals of all such proposals until the end of the contract term to which they relate, after which the proposals that were not accepted may be destroyed or disposed of as waste paper. * * *

Record of proposals.

1898, June 13, ch. 446, § 2, 2 Supp., 788.

Proposals not accepted to be destroyed.

Approved June 13, 1898.

The Vice-President, Members and Members-elect of and Delegates and Delegates-elect to Congress shall have the privilege of sending free through the mails, and under their frank, any mail matter to any Government official or to any person, correspondence, not exceeding two ounces in weight, upon official or departmental business.

Official correspondence by Members of Congress.

1898, June 13, ch. 446, 2 Supp., 778.

Approved June 13, 1898.

Any person or persons who shall place or cause to be placed any matter in the mails during the regular weighing period, for the purpose of increasing the weight of the mails with intent to cause an increase in the compensation of the railroad mail carrier over whose route such

Padding the mails.

1898, June 13, ch. 446, 2 Supp., 778.

Increasing weight with intent to cause increase in compensation. —penalty.

mail matter may pass, shall be deemed guilty of a misdemeanor, and shall, on conviction thereof, be fined not less than five hundred dollars nor more than twenty thousand dollars, and shall be imprisoned at hard labor not less than thirty days nor more than five years.

Approved June 13, 1898.

Destruction of certain registers of arrivals and departures of mails.
1898, June 13, ch. 446, § 2, 2 Supp., 779.

* * * The reports of the arrivals and departures of the mails on mail routes made and sent by postmasters to the Second Assistant Postmaster-General, on which no fines or deductions from the pay of contractors for carrying the mails have been based, and the certificates of oaths taken by carriers on mail routes, may be disposed of as waste paper after the expiration of one year from the end of the contract term to which they relate.

Approved June 13, 1898.

Bonds of clerks in post-offices.
1898, June 13, ch. 446, § 3, 2 Supp., 779.
—when required.
—penalty of.
—what to cover.

Assistant postmasters and cashiers at first, second, and third class post-offices, and when deemed necessary by the Postmaster-General for the better protection of the interests of the Government any other employees in such offices, shall, before entering upon the duties o their office give bond to the United States with good and approved security, and in such penalty as the Postmaster-General shall prescribe, conditioned for the faithful discharge of all duties and trusts imposed upon them either by law or the rules and regulations of the Post-Office Department.

Approved June 13, 1898.

Prepayment of postage on returned 2d, 3d, and 4th class matter.
1898, June 13, ch. 446, § 4, 2 Supp., 779.
—sender to be notified, when.

Second, third, and fourth class mail matter shall not be returned to sender or remailed until the postage has been fully prepaid on the same: *Provided*, That in all cases where undelivered matter of these classes is of obvious value, the sender, if known, shall be notified of the fact of nondelivery, and be given the opportunity of prepaying the return postage.

Approved June 13, 1898.

Leave of absence.
—sick, not to affect regular.
1898, July 7, ch. 571. 2 Supp., 882.

Nothing contained in (act of Mar. 15, 1898, ch. 68, §7) shall be construed to prevent the head of any Executive Department from granting thirty days' annual leave with pay in any one year to a clerk or employee, notwithstanding such clerk or employee may have had during such year not exceeding thirty days' leave with pay on account of sickness as provided in said section. * * *

Approved July 7, 1898.

Assistant superintendents of free delivery.
1899, Feb. 24, ch. 187, 2 Supp., 946.
—expenses of.
Note.

The assistant superintendents of free delivery shall hereafter be allowed a per diem of four dollars in lieu of all expenses when traveling on business of the Department.

NOTE.—The expenses of the assistant superintendents of free delivery are paid out of the appropriation for incidental expenses, free delivery service, included in the act making appropriations for the postal service.

Approved February 24, 1899.

Leave of absence, annual.
—exclusive of Sundays and holidays.
1899, Feb. 24, ch. 187, § 4, 2 Supp., 946.

The thirty days' annual leave of absence with pay in any one year to clerks and employees in the several Executive Departments authorized by existing law shall be exclusive of Sundays and legal holidays.

Approved February 24, 1899.

Civil pension roll prohibited.
1899, Feb. 24, ch. 187, § 4, 2 Supp., 946.

The establishment of a civil pension roll or an honorable service roll, or the exemption of any of the officers, clerks, and persons in the public service from the existing laws respecting employment in such service, is hereby prohibited.

Approved February 24, 1899.

Special transfer service at St. Louis (Mo.) and East St. Louis (Ill.).
1899, Mar. 1, ch. 327, § 3, 2 Supp., 958.
— compensation for.

The Postmaster-General is hereby authorized, in his discretion, to pay from appropriations for transportation by railroad routes for the special transfer and terminal service between the Union Station at East Saint Louis, Illinois, and the Union Station at Saint Louis, Missouri, including the use, lighting, and heating of mail building and the transfer service at Saint Louis, at the rate of not exceeding fifty thousand dollars per annum.

Approved March 1, 1899.

Waiver of identification of payee forbidden.
1899, Mar. 1, ch. 327, § 5, 2 Supp., 959.

* * * Postmasters shall not issue any money order conditioned that identification of payee, endorsee, or attorney may be waived, nor shall any postmaster pay any money order * * * without requiring identification of the payee, endorsee, or attorney.

Approved March 1, 1899.

Orders may be drawn to correct errors without additional fee.
1899, Mar. 1, ch. 327, § 5, 2 Supp., 959.

Money orders may be drawn by the Superintendent of the Money-Order System without the exaction of an additional fee for the purpose of correcting errors made by issuing or paying postmasters.

Approved March 1, 1899.

Letters in "point print" or characters used by the blind.
1899, Mar. 2, ch. 302, 2 Supp., 965.
—to be transmitted at third-class rates.

All letters written in point print or raised characters used by the blind, when unsealed, shall be transmitted through the mails as third-class matter. * * *

Approved March 2, 1899.

Census mail matter.
1899, Mar. 3, ch. 419, § 27, 2 Supp., 986.
—transmitted free.
Penalty for use of indorsement for evasion of postage.

All mail matter, of whatever class, relative to the census and addressed to the Census Office, the Director of the Census, Assistant Director, chief clerk, supervisors, enumerators, or special agents, and indorsed "Official business, Department of the Interior, Census Office," shall be transmitted free of postage, * * * and so marked: *Provided*, That if any person shall make use of such indorsement to avoid the payment of postage * * * on his or her private letter, package, or other matter in the mail, the person so offending shall be guilty of a misdemeanor and subject to a fine of three hundred dollars, to be prosecuted in any court of competent jurisdiction.

Approved March 3, 1899.

Census matter free.
1899, Mar. 3, ch. 419, § 27, 2 Supp., 986.

All mail matter of whatever class, relative to the census and addressed to the Census Office, the Director of the Census, Assistant Director, chief clerk, supervisors, enumerators, or special agents, and indorsed "Official business, Department of the Interior, Census Office," shall be transmitted free of postage, * * * and so marked: *Provided*, That if any person shall make use of such indorsement to avoid the payment of postage * * * on his or her private letter, package, or other matter in the mail, the person so offending shall be guilty of a misdemeanor and subject to a fine of three hundred dollars, to be prosecuted in any court of competent jurisdiction.

Approved March 3, 1899.

Periodicals issued by State departments of agriculture.
1900, June 6, ch. 801, 31 Stat. L., 660.
—admission of as second-class matter.
—not to contain advertising matter.

All periodical publications issued from a known place of publication at stated intervals as frequently as four times a year by State departments of agriculture shall be admitted to the mails as second-class mail matter: *Provided*, That such matter shall be published only for the purpose of furthering the objects of such departments: *And provided further*, That such publications shall not contain any advertising matter of any kind.

Approved June 6, 1900.

That section one hundred and eighty-three of the Revised Statutes of the United States be, and the same is hereby, amended to read as follows:

Oath, when administered by officers, etc.
1901, Mar. 2, ch. 809, 31 Stat. L., 951, par. 3.

"SEC. 183. Any officer or clerk of any of the Departments, lawfully detailed to investigate frauds on, or attempts to defraud, the Government, or any irregularity or misconduct of any officer or agent of the United States, and any officer of the Army detailed to conduct an investigation, and the recorder, and, if there be none, the presiding officer of any military board appointed for such purpose, shall have authority to administer an oath to any witness attending to testify or depose in the course of such investigation."

Approved March 2, 1901.

Bond of superintendent.
1901, Mar. 3, ch. 830, 31 Stat. L., 1004.

The Superintendent of System of Postal Finance shall give bond in such amount as the Postmaster-General may determine for the faithful discharge of his duties.

Approved March 3, 1901.

Sale of post-route maps.
1901, Mar. 3, ch. 830, 31 Stat. L., 1005.
—proceeds of sales, how used.

The Postmaster-General may authorize the sale of post-route maps to the public at the cost of printing and ten per centum thereof added, the proceeds of such sales to be used as a further appropriation for the preparation and publication of post-route maps, * * *.

Approved March 3, 1901.

Incapacitated employees.
1901, Mar. 3, ch. 830, § 4, 31 Stat. L., 1009.
—not to be paid.

The appropriations * * * made for the officers, clerks, and persons employed in the public service shall not be available for the compensation of any persons permanently incapacitated for performing such service.

Note.

NOTE.—The above clause is taken from the current appropriation act, and merely refers thereto. A similar clause was included in the act of April 17, 1900, ch. 192, 31 Stat. L., 134.

Approved March 3, 1901.

Estimates, annual, to be furnished to Secretary of Treasury.
1901, Mar. 3, ch. 830, 31 Stat. L., 1009, § 5.

That hereafter it shall be the duty of the heads of the several Executive Departments, and of other officers authorized or required to make estimates, to furnish to the Secretary of the Treasury, on or before the fifteenth day of October of each year, their annual estimates for the public service, to be included in the Book of Estimates prepared by law under his direction, and in case of failure to furnish estimates as herein required it shall be the duty of the Secretary of the Treasury to cause to be prepared in the Treasury Department, on or before the first day of November of each year, estimates for such appropriations as in his judgment shall be requisite in every such case, which estimates shall be included in the Book of Estimates prepared by law under his direction for the consideration of Congress.

Approved March 3, 1901.

Other officers of the Post-Office Department.
See R. S., §§ 393, 394, 400; 1901, Mar. 3, chs. 830, 851, 31 Stat. L., 1003, 1103.

The act of March 3, 1901, making appropriations for the legislative, executive, and judicial expenses of the Government, and the act of March 3, 1901, making appropriations for the service of the Post-Office Department, provide for the following officers in the Post-Office Department.

Office of the Postmaster-General.

In the Office of the Postmaster-General:
Chief Clerk.
Private secretary to the Postmaster-General.
Appointment Clerk.
Disbursing Clerk and Superintendent of Buildings.
Topographer.

Office of Assistant Attorney-General for Post-Office Department.

In the Office of the Assistant Attorney-General for the Post-Office Department:
Assistant Attorney.

Office of First Assistant Postmaster-General.

In the Office of the First Assistant Postmaster-General:
Chief Clerk.
Superintendent of the Money-Order System.
Chief clerk of the Money-Order System.
General Superintendent of Free Delivery.
Superintendent City Delivery Service.

Three assistant superintendents City Delivery Service.
Superintendent of the Dead-Letter Office.
Chief clerk of the Dead-Letter Office.
General Superintendent of Salaries and Allowances.
Assistant Superintendent of Salaries and Allowances.
Five Assistant Superintendents Salary and Allowance Division.
Superintendent of Post-Office Supplies.
Assistant Superintendent of Post-Office Supplies.
Chief of Correspondence Division.

Office of Second Assistant Postmaster-General.

In the Office of the Second Assistant Postmaster-General:
Chief Clerk.
Superintendent of Railway Adjustment.
Chief of Contract Division.
Chief of Division of Inspection.
Chief of Mail Equipment Division.
General Superintendent Railway Mail Service.
Assistant General Superintendent Railway Mail Service.
Chief clerk Office of General Superintendent.
Superintendent of Foreign Mails.
Chief Clerk of Foreign Mails.

Office of Third Assistant Postmaster-General.

In the Office of the Third Assistant Postmaster-General:
Chief Clerk.
Superintendent of System of Postal Finance.
Superintendent of Postage Stamp Supplies and Postmasters' Accounts.
Superintendent of the Registry System.
Six Assistant Superintendents of the Registry System.
Chief of Classification Division.
Chief of Redemption Division.
Chief of Files and Records Division.

Office of Fourth Assistant Postmaster-General.

In the Office of the Fourth Assistant Postmaster-General:
Chief Clerk.
Chief Post-Office Inspector.
Chief clerk of (Division of Post-Office Inspectors and) Mail Depredations.
Chief of Appointment Division.
Chief of Bond Division.

Approved March 3, 1901.

Auditor, Chicago.

The act of March 3, 1901 (ch. 851, 31 Stat. L., 1102), provided an appropriation of three thousand dollars for an auditor at Chicago, Ill.

Approved March 3, 1901.

Allowances for miscellaneous items may be expended without specific authority, when. 1901, Mar. 3, ch. 851, 31 Stat. L., 1103.

The Postmaster-General, in his discretion, under such regulations as he shall prescribe, may authorize any of the postmasters of said (first and second class) offices to expend the funds he may allow them for such purposes (miscellaneous and incidental items, including furniture and cleaning) without the written consent of the Postmaster-General.

Approved March 3, 1901.

Assistant superintendents salary and allowance division. —expenses of.

The assistant superintendents salary and allowance division will be allowed a per diem, to be fixed by the Postmaster-General, but not exceeding four dollars per day when actually traveling on business of the Post-Office Department.

Note.

NOTE.—This section is substantially in the form in which the appropriation for this purpose was made in the *act of March 3, 1901, ch. 851 (31 Stat. L., 1103)*, making appropriations for the postal service. The authority to allow a per diem to assistant superintendents salary and allowance division is not permanent, but dependent on subsequent appropriations.

Approved March 3, 1901.

Assistant superintendents of registry system.
—expenses of.
Note.

The assistant superintendents of the registry system will be allowed a per diem, to be fixed by the Postmaster-General, but not exceeding four dollars per day, when actually traveling on business of the Post-Office Department.

NOTE.—This section is substantially in the form in which the appropriation for this purpose was made in the *act of March 3, 1901, (ch. 830 (31 Stat. L., 1004)*, making appropriations for the legislative, executive, and judicial expenses of the Government. The authority to allow a per diem to assistant superintendents of the Registry System is not permanent, but dependent on subsequent appropriations.

Approved March 3, 1901.

General Superintendent Railway Mail Service.
1901, Mar. 3, ch. 851, 31 Stat. L., 1104.
Assistant general superintendent.
Chief clerk Railway Mail Service.
Division superintendents.
Assistant division superintendents.

(The Postmaster-General may appoint a) General Superintendent (of Railway Mail Service), at (a salary of) three thousand five hundred dollars (per annum); one Assistant General Superintendent, at (a salary of) three thousand dollars (per annum); one chief clerk, office of General Superintendent at (a salary of), two thousand dollars (per annum); eleven division superintendents, at (a salary of) two thousand seven hundred dollars (per annum) each; (and) eleven assistant division superintendents at (a salary of) one thousand eight hundred dollars (per annum) each; * * *

Approved March 3, 1901.

Assistant superintendents.
1901, Mar. 3, ch. 851, 31 Stat. L., 1105.
Chief clerks in charge of lines.

(The Postmaster-General may appoint) twenty-two assistant superintendents (at a salary of), one thousand six hundred dollars (per annum) each; (and) ninety-five chief clerks, at (a salary of) one thousand six hundred dollars (per annum) each; * * *

Approved March 3, 1901.

Expenses —of division and assistant division superintendents.
1901, Mar. 3, ch. 851, 31 Stat. L., 1105.

(Division superintendents and assistant division superintendents shall be paid their actual and necessary expenses) while actually traveling on business of the Department and away from their several designated headquarters.

Approved March 3, 1901.

Expenses of assistant superintendents.
1901, Mar. 3, ch. 851, 31 Stat. L., 1105.
—chief clerks and postal clerks.
Id.

Assistant superintendents (of Railway Mail Service) may receive a per diem allowance in lieu of actual and necessary traveling expenses, at the rate of four dollars per day while actually traveling on business of the Department away from their several designated headquarters.

2. (Chief clerks and railway postal clerks shall be paid their actual and necessary expenses) while actually traveling on business of the Department and away from their several designated headquarters.

Approved March 3, 1901.

Leaves of absence with pay.
1901, Mar. 3, ch. 851, 31 Stat. L., 1105.

The Postmaster-General may allow railway postal clerks whoso duties require them to work six days or more per week, fifty-two weeks per year, an annual vacation of fifteen days, with pay.

Approved March 3, 1901.

Sea postal clerks.
1901, Mar. 3, ch. 851, 31 Stat. L., 1106.
—compensation and expenses of.

Hereafter the Postmaster-General shall be authorized to expend such sums as may be necessary, not exceeding fifty-five thousand dollars, to cover one-half of the cost of transportation, compensation, and expense of clerks to be employed in assorting and pouching mails in transit on steamships between the United States and other postal administrations of the International Postal Union.

Approved March 3, 1901.

Persons incapacitated not to be employed in postal service.
1901, Mar. 3, ch. 851, § 2, 31 Stat. L., 1107.

The appropriations * * * for the officers, clerks, and persons employed in the postal service shall not be available for the compensation of any persons permanently incapacitated for performing such service. The establishment of a civil pension roll or an honorable service roll, or the exemption of any of the officers, clerks, and persons in the postal service from the existing laws respecting employment in such service, is hereby prohibited.

Approved March 3, 1901.

(Post-office inspectors in the field shall be allowed a per diem) while actually traveling on business for the Department: *Provided*, That the Postmaster-General may, in his discretion, allow post-office inspectors per diem while temporarily located at any place on duty away from home, or their designated domicile, for a period not exceeding twenty consecutive days at any one place, and may make rules and regulations governing the foregoing provisions relating to per diem.

Per diem allowance to inspectors in the field.
1901, Mar. 3, ch. 851, 31 Stat. L., 1107.
—when made.
Proviso.
—while temporarily located at one place.
—regulations as to.

NOTE.—Sec. 4017, R. S., provided that inspectors (then special agents) should be allowed "for traveling and incidental expenses, while actually employed in the service, a sum not exceeding five dollars a day." Under the act of June 17, 1878, ch. 259, 1 Supp. R. S., 186, this amount was to be allowed to inspectors "when they are actually engaged in traveling on the business of the Department." The act of July 5, 1884, ch. 234, 1 Supp. R. S., 467, provided that inspectors "shall be allowed four dollars per day in lieu of the charges now permitted for personal expenses." Subsequently the annual appropriation acts merely contained an appropriation for "mail depredations and post-office inspectors" until the act of June 13, 1898, ch. 446, 30 Stat. L., 444, which provided for "per diem allowance to inspectors in the field while actually traveling on business of the Department." This clause was repeated in the act of March 1, 1899, ch. 327, 30 Stat. L., 965, 2 Supp. R. S., 958, and the proviso as contained in the act of March 3, 1901, was added, the entire clause as it now stands being repeated in the act of June 2, 1900, ch. 613, 31 Stat. L., 260.

Approved March 3, 1901.

Note.
Allowances to inspectors for expenses.

(The Postmaster-General may appoint) fifteen (post-office) inspectors in charge of divisions at (a salary of) two thousand five hundred dollars per annum (each) without per diem; fifteen inspectors at two thousand two hundred and fifty dollars per annum (each) without per diem, and fifteen inspectors at two thousand dollars per annum (each) without per diem.

Inspectors in charge and inspectors.
1901, Mar. 3, ch. 851, 31 Stat. L., 1107.
—number of, and compensation.

NOTE.—The Chief Post-Office Inspector is an officer of the Post-Office Department, and his appointment and compensation are provided for in the regular departmental organization.

Note.
Chief Post-Office Inspector.

The appointment of post-office inspectors in charge was first authorized by the act of June 17, 1878, ch. 259, 1 Supp. R. S., 186, which provided that such inspectors (called special agents at that time), "not exceeding ten in number, as are appointed by the Postmaster-General to duty at such important points as he may designate * * * shall each receive a salary of $2,500 per annum and no more." The number of inspectors in charge was increased to twelve by the act of March 3, 1891, ch. 547, 1 Supp. R. S., 932, and to fifteen by the act of June 2, 1900, ch. 613, 31 Stat. L., 260.

—inspectors in charge.

Post-office inspectors, at $2,000 per annum without per diem, were first provided for in the appropriation act of March 1, 1899, ch. 327, 30 Stat. L., 965; and the appointment of inspectors at $2,250 per annum without per diem was first authorized by the act of June 2, 1900, supra. These inspectors are intended especially for local service in the large cities.

—inspectors without per diem.

The continued appointment of inspectors in charge in excess of twelve, and of inspectors at $2,000 and $2,250 per annum, is subject to subsequent appropriation acts, which see, as the authority for their appointment is not permanent.

Approved March 3, 1901.

When any publication has been accorded second-class mail privileges, the same shall not be suspended or annulled until a hearing shall have been granted to the parties interested.

Approved March 3, 1901.

Cancellation of certificate of entry.
1901, Mar. 3, ch. 851, 31 Stat. L., 1107.
—hearing to be given before.

Ida S. McKinley.
1902, Jan. 22, ch. 4, 32 Stat. L., 1237.

All mail matter sent by post by Ida S. McKinley, widow of the late William McKinley, under her written autograph signature, will be conveyed free of postage during her natural life.

Approved January 22, 1902.

Classification and compensation.
1902, Apr. 21, ch. 563, 32 Stat. L., 1237.

On and after July first, nineteen hundred and two, the Postmaster-General * * * is * * * authorized to classify the Rural Free-Delivery Service and fix the compensation to employees in such Service.

Approved April 21, 1902.

Substitute carriers—employment and compensation.
1902, Apr. 21, ch. 563, 32 Stat. L., 113.

Under such regulations as the Postmaster-General may prescribe, a substitute carrier may be employed at the expense of the regular carrier, to temporarily perform service on any rural free-delivery mail route.

Approved April 21, 1902.

Indemnity for ost registered mail.
Increase of indemnity.
1902, Apr. 21, ch. 563; 32 Stat. L., 117.

The Postmaster-General may increase the amount of indemnity (for last first-class registered mail) provided for in act of February 27, 1897, an act amendatory of section thirty-nine hundred and twenty-six of the Revised Statutes. to not exceeding one hundred dollars.

Approved April 21, 1902.

Rural postal stations—provision for.
1903, Mar. 3, ch. 1009; 32 Stat. L., 1171.

The act of March 3, 1903, provides "for pay of letter carriers and clerks in charge of substations of rural free-delivery service * * * *Provided*, That not exceeding * * * of the amount hereby appropriated for rural free-delivery service may be used for compensation of clerks in charge of substations." A similar provision has been made each succeeding year.

Approved March 3, 1903.

Special delivery at other than free-delivery offices.

For providing for payment of persons employed.
1903, Mar. 3, ch. 1009, 32 Stat. L., 1175.

To provide for the payment of such persons as may be employed for this service the postmaster at any office designated by section three of this act (23 Stat. L., 388) shall keep a record of the number of letters received at such office bearing such special delivery stamp, which shall correspond with the number entered in the receipt books heretofore specified, and at the end of the month he may pay to such person or persons employed a sum not exceeding eighty per centum of the face value of all such stamps received and recorded during that month: *Provided*, That nothing in this act shall interfere with the prompt delivery of letters as now provided by law or regulations of the Post-Office Department.

Approved March 3, 1903.

Special-delivery messenger deemed a carrier, etc.
1903, Mar. 3, ch. 1009, sec. 4, 32 Stat. L., 1176.

That every special delivery messenger when actually engaged in carrying or delivering letters or other mail matter under contract, directly or indirectly, with the Post-Office Department, shall be deemed a carrier or person intrusted with the mail and having custody thereof within the meaning of sections thirty-eight hundred and sixty-nine, thirty-nine hundred and ninety-five, fifty-four hundred and seventy-two, and fifty-four hundred and seventy-three of the Revised Statutes of the United States.

Approved March 3, 1903.

Violent entry of R. P. O. car or malicious assault on clerk.
1903, Mar. 3, ch. 1009, sec. 5, 32 Stat. L., 1176.

Whoever by violence enters a railway post-office car or any apartment in any railway car assigned to the use of the Railway Mail Service, or who wilfully or maliciously assaults a railway postal clerk in the discharge of his duties in connection with such car or apartment, and whoever wilfully aids or assists therein, shall for every such offense be punishable by a fine of not more than one thousand dollars, or by imprisonment for not more than three years.

Approved March 3, 1903.

Injuring letter boxes or receptacles or mail matter therein. 1903, Mar. 3, ch. 1009, § 3, 32 Stat. L., 1176.

Whoever shall wilfully or maliciously injure, tear down, or destroy any letter box or other receptacle established by order of the Postmaster-General, or approved or designated by him for the receipt or delivery of mail matter on any rural free-delivery route, star route, or other mail route, or shall break open the same, or wilfully or maliciously injure, deface, or destroy any mail matter deposited therein, or shall wilfully take or steal such matter from or out of such letter box or other receptacle, or shall wilfully aid or assist in any of the aforementioned offenses, shall for every such offense be punished by a fine of not more than one thousand dollars or by imprisonment for not more than three years.

Approved March 3, 1903.

Prepayment of postage on returned second, third, and fourth class matter. Undelivered mail matter. 1903, Mar. 3, ch. 1009, 32 Stat. L., 1176.

That third and fourth class mail matter shall not be remailed to sender until the proper postage has been fully prepaid on the same: *Provided*, That in all cases when undelivered mail matter of the third and fourth class is of obvious value, the sender, if known, shall be given the opportunity of prepaying the return postage or accepting delivery to himself or upon his order at the office where it is held upon the payment of one cent postage for each card notice given him under such regulations as the Postmaster-General may prescribe.

Approved March 3, 1903.

Allowances for clerk hire at distributing offices of third and fourth classes. Limitation on allowance. 1904, Apr. 28, ch. 1759, 33 Stat. L., 433.

No allowance in excess of two hundred dollars shall be made where the salary of the postmaster is one thousand dollars, one thousand one hundred dollars, and one thousand two hundred dollars; nor in excess of three hundred dollars where the salary of the postmaster is one thousand three hundred dollars, one thousand four hundred dollars, and one thousand five hundred dollars; nor in excess of four hundred dollars where the salary of the postmaster is one thousand six hundred dollars, one thousand seven hundred dollars, one thousand eight hundred dollars, and one thousand nine hundred dollars.

NOTE.—The act of March 2, 1907 (Public, No. 172), making appropriations for the service of the Post-Office Department, provides for allowance not in excess of five hundred dollars, from July 1, 1907, where the salary of the postmaster is one thousand eight hundred dollars or one thousand nine hundred dollars.

Approved April 28, 1904.

Per diem allowance to assistant superintendents. 1904, Apr. 28, ch. 1759, 33 Stat. L., 437.

Assistant superintendents (Railway Mail Service) may receive a per diem allowance in lieu of actual and necessary traveling expenses at the rate of four dollars per day while actually traveling on business of the Department (away from their home, their official domicile, and their headquarters).

Approved April 28, 1904.

Purchasing agent.—appointment of. 1904, Apr. 29, ch. 1759, 33 Stat. L., 440. Bond. Duties.

That there shall be appointed by the President, by and with the advice and consent of the Senate, a Purchasing Agent for the Post-Office Department, who shall hold office for four years unless sooner removed by the President, and who shall receive an annual salary of four thousand dollars, give bond to the United States in such sum as the Postmaster-General may determine, and report direct to the Postmaster-General; and who shall, under such regulations not inconsistent with existing law, as the Postmaster-General shall prescribe, and subject to his direction and control, have supervision of all purchase of all supplies for the postal service.

Purchasing supplies.

The Purchasing Agent, in making purchases for supplies necessary for the Post-Office Department, shall advertise, as now provided by law, and award contracts for such supplies to the lowest responsible bidder in pursuance of existing law. The Purchasing Agent shall have recorded in a book to be kept for that purpose a true and faithful abstract of all bids made for furnishing supplies to the Post-Office Department, giving the name of the party bidding, the terms of the offer, the sum to be paid, and he shall keep on file and preserve all such bids until the end of the contract term to which they relate. Each bidder shall have

Records of bids.

Inspection of bids.

the right to be present, either in person or by attorney, when the bids are opened, and shall have the right to examine and inspect all bids. All purchases, advertisements, and contracts for supplies for the Post-Office Department shall be made by the Purchasing Agent in the name of the Postmaster-General, subject to his approval, and in purchasing such supplies preference shall be given to articles of domestic production and manufacture, conditions of price and quality being equal. There shall be separate proposals and separate contracts for each class of material furnished. These records shall be open at all times for the inspection of Congress, and for the inspection of those who may be interested in such contracts made, or to be made, to furnish supplies to the Post-Office Department. (Sec. 3, act of April 29, 1904.)

Preference to domestic productions.

Proposals.

Records to be open to inspection.

Approved April 29, 1904.

Carriers' salaries. —carriers.

1904, Apr. 28, ch. 1759, 33 Stat. L., 440.

Letter carriers of the rural delivery service shall receive a salary not exceeding seven hundred and twenty dollars per annum and no other or further allowance or salary shall be made to said carriers; and * * * rural carriers shall not solicit business or receive orders of any kind for any person, firm, or corporation, and shall not during their hours of employment carry any merchandise for hire: *Provided*, That said carriers may carry merchandise for hire for and upon the request of patrons residing upon their respective routes, whenever the same shall not interfere with the proper discharge of their official duties, and under such regulations as the Postmaster-General may prescribe.

Carriers prohibited from soliciting business. —may carry merchandise for hire.

Approved April 28, 1904.

Mailing matter without stamps affixed.

1904, Apr. 28, ch. 1759, 33 Stat. L., 440.

Identical pieces of third and fourth class matter.

Under such regulations as the Postmaster-General may establish for the collection of the lawful revenue and for facilitating the handling of such matter in the mails it shall be lawful to accept for transmission in the mails quantities of not less than two thousand identical pieces of third or fourth class matter without postage stamps affixed: *Provided*, That postage shall be fully prepaid thereon at the rate required by law for a single piece of such matter.

Approved April 28, 1904.

Official correspondence by Members of Congress.

1904, Apr. 28, ch. 1759, 33 Stat. L., 441.

The Vice-President, Members, and Members-elect of and Delegates and Delegates-elect to Congress shall have the privilege of sending free through the mails, and under their frank, any mail matter to any Government official or to any person correspondence not exceeding four ounces in weight, upon official or departmental business.

Approved April 28, 1904.

Books, pamphlets, etc., for the blind.

1904, Apr., 27 ch. 1612, 33 Stat. L., 313

—requirements to be entitled to transmission.

Books, pamphlets, and other reading matter in raised characters for the use of the blind, whether prepared by hand or printed, in single volumes, not exceeding ten pounds in weight, or in packages not exceeding four pounds in weight, and containing no advertising or other matter whatever, unsealed, and when sent by public institutions for the blind, or by any public libraries, as a loan to blind readers, or when returned by the latter to such institutions or public libraries, shall be transmitted in the United States mails free of postage, and under such regulations as the Postmaster-General may prescribe.

Approved April 27, 1904.

False evidence as to character of publication to secure entry as second class.

1905, Mar. 2, ch. 1304, 33 Stat. L., 823.

Any person who shall submit or cause to be submitted to any postmaster or to the Post-Office Department or any officer of the postal service any false evidence relative to any publication for the purpose of securing the admission thereof at the second-class rate for transportation in the mails shall be deemed guilty of a misdemeanor, and for every such offense, upon conviction thereof, shall be punished by a fine of not less than one hundred nor more than five hundred dollars.

Approved March 2 1905.

Employment and payment of substitute when clerk or carrier is absent other than on annual leave.
1905, Mar. 3, ch. 1480, 33 Stat. L., 1085.

When any clerk in post-offices of the first or second class, or in the Railway Mail Service, or any letter carrier in the city free-delivery service is absent from duty from any cause, other than the fifteen days' annual leave with pay allowed by law, the Postmaster-General, under such regulations as he may prescribe, may authorize the employment of a substitute for such work, and payment therefor from the lapsed salary of such absent clerk or letter carrier at a rate not to exceed the pay of the grade of work performed by such substitute.

Approved March 3, 1905.

Overcharges on mail matter.
1905, Mar. 3, ch. 1480, 33 Stat. L., 1091.
—may be refunded.

Hereafter whenever it shall be shown to the satisfaction of the Postmaster-General that any postage is paid on any mail matter for which service is not rendered, or is collected in excess of the lawful rate, he may, in his discretion, authorize the postmaster at the office where paid to refund the proper amount out of the postal receipts in the possession of the postmaster.

Approved March 3, 1905.

Restriction on illustrations, etc.
1905, Mar. 3, ch. 1483, 33 Stat. L., 1213.

No part of the appropriations made for printing and binding shall be used for any illustration, engraving, or photograph in any document or report ordered printed by Congress, unless the order to print expressly authorizes the same, nor in any document or report of any Executive Department or other Government establishment until the head of the Executive Department or Government establishment shall certify in a letter transmitting such report that the illustration is necessary and relates entirely to the transaction of public business.

Approved March 3, 1905.

Restriction on printing books by Departments.
1905, Mar. 3, ch. 1483, 33 Stat. L., 1249.

Hereafter no book or document not having to do with the ordinary business transactions of the Executive Departments shall be printed on the requisition of any Executive Department or unless the same shall have been expressly authorized by Congress.

Approved March 3, 1905.

Release of sureties and renewal of postmasters' bonds.
Release from suretyship and approval of new bond.
1905, Mar. 3, ch. 1488, 33 Stat. L., 1259.

Whenever any postmaster, clerk, carrier, or other person in the postal service, employed in the Post-Office Department or elsewhere, notifies the Postmaster-General of his desire to execute a new bond, or whenever any of the sureties of such postmaster, clerk, carrier, or other person, notifies the Postmaster-General of his desire to be released from such suretyship, or whenever the Postmaster-General deems a new bond necessary or expedient, the execution of the new bond may be directed by the Postmaster-General. When accepted by the Postmaster-General, the sureties of postmasters in the prior bond shall be released from responsibility for all acts or defaults of the postmaster which may be done or committed subsequent to the last day of the quarter in which such new bond shall be executed and accepted, and the sureties of other persons in the prior bond shall be released from responsibility for all acts or defaults of such persons which may be done or committed subsequent to the day such new bond become operative.

Approved March 3, 1905.

Appropriation to be expended only for the objects specified.
Expenditures in excess of appropriations forbidden.
1906, Feb. 27, ch. 510, 34 Stat. L., 49.
Voluntary service.
Allotments to prevent deficiencies.

No Executive Department or other Government establishment of the United States shall expend in any one fiscal year any sum in excess of appropriations made by Congress for that fiscal year, or involve the Government in any contract or other obligation for the future payment of money in excess of such appropriations, unless such contract or obligation is authorized by law. Nor shall any Department or any officer of the Government accept voluntary service for the Government or employ personal service in excess of that authorized by law, except in cases of sudden emergency involving the loss of human life or the destruction of property. All appropriations made for contingent expenses or other general purposes, except appropriations made in fulfillment of contract obligations expressly authorized by law, or

for objects required or authorized by law without reference to the amounts annually appropriated therefor, shall, on or before the beginning of each fiscal year, be so apportioned by monthly or other allotments as to prevent expenditures in one portion of the year which may necessitate deficiency or additional appropriations to complete the service of the fiscal year for which said appropriations are made; and all such apportionments shall be adhered to and shall not be waived or modified except upon the happening of some extraordinary emergency or unusual circumstance which could not be anticipated at the time of making such apportionment, but this provision shall not apply to the contingent appropriations of the Senate or House of Representatives; and in case said apportionments are waived or modified as herein provided, the same shall be waived or modified in writing by the head of such Executive Department or other Government establishment having control of the expenditure, and the reasons therefor shall be fully set forth in each particular case and communicated to Congress in connection with estimates for any additional appropriations required on account thereof. Any person violating any provision of this section shall be summarily removed from office and may also be punished by a fine of not less than one hundred dollars or by imprisonment for not less than one month.

Exceptions in emergencies.

Appropriations for Congress.

Written orders required.

Penalty for violations.

Approved February 27, 1906.

Disposition of files of papers in post-offices.

1906, May 11, ch. 2448, 34 Stat. L., 186.

The Postmaster-General is hereby authorized to sell as waste paper or otherwise dispose of the files of papers which have accumulated or may hereafter accumulate in post-offices that are not needed in the transaction of current business and have no permanent value or historic interest, and pay the proceeds of said sales into the Treasury as postal revenues.

Approved May 11, 1906.

Other officers of the Post-Office Department.

See R. S., § § 393, 394, 400; 1906, June 22, ch. 3514; 1906, June 26, ch. 3546; 34 Stat. L., 436, 437, 438, 439, 467–478.

The act of June 22, 1906, making appropriations for the legislative, executive, and judicial expenses of the Government, and the act of June 26, 1906, making appropriations for the service of the Post-Office Department, provide for the following officers in the Post-Office Department:

Office of the Postmaster-General.

In the Office of the Postmaster-General:
- Chief Clerk and Superintendent of Post-Office Department Building.
- Private Secretary to the Postmaster-General.
- Disbursing Clerk.
- Appointment Clerk.
- Clerk, Assistant to Chief Clerk.
- Chief Inspector.
- Chief Clerk to Chief Inspector.
- Purchasing Agent.
- Chief Clerk to Purchasing Agent.
- Assistant Attorney.
- Assistant Attorney.
- Law Clerk.

Office of the First Assistant Postmaster-General.

In the Office of the First Assistant Postmaster-General:
- Chief Clerk.
- Superintendent Division of Salaries and Allowances.
- Assistant Superintendent Division of Salaries and Allowances.
- Chief Division of Correspondence.
- Chief Division of Appointments.
- Chief Division of Bonds and Commissions.
- Superintendent Division of City Delivery.
- Assistant Superintendent Division of City Delivery.

Office of the Second Assistant Postmaster-General.

In the Office of the Second Assistant Postmaster-General:
- Chief Clerk.
- Superintendent Division of Railway Adjustments.
- Assistant Superintendent Division of Railway Adjustments, and Law Clerk.
- Superintendent Division of Foreign Mails.

In the Office of the Second Assistant Postmaster-General—Continued.
Assistant Superintendent Division of Foreign Mails with headquarters in New York, N. Y.
Chief Clerk Division of Foreign Mails.
Chief Division of Contracts.
Chief Division of Mail Equipment.
General Superintendent Railway Mail Service.
Assistant General Superintendent Railway Mail Service.
Chief Clerk Office of General Superintendent Railway Mail Service.
Assistant Chief Clerk Office of General Superintendent Railway Mail Service.

Office of the Third Assistant Postmaster-General.

In the Office of the Third Assistant Postmaster-General:
Chief Clerk.
Superintendent Division of Stamps.
Superintendent Division of Finance.
Assistant Superintendent Division of Finance.
Superintendent Division of Classification.
Four Special Agents Division of Classification.
Chief Division of Redemption.
Superintendent Division of Registered Mails.
Six Assistant Superintendents Division of Registered Mails.
Superintendent Division of Money Orders.
Chief Clerk to Superintendent Division of Money Orders.

Office of the Fourth Assistant Postmaster-General.

In the Office of the Fourth Assistant Postmaster-General:
Chief Clerk.
Superintendent Division of Rural Delivery.
Assistant Superintendent Division of Rural Delivery.
Superintendent Division of Dead Letters.
Superintendent Division of Supplies.
Assistant Superintendent Division of Supplies.
Topographer.
Assistant Topographer.

Approved June 22, 1906.

Act June 26, 1906, ch. 3546, 34 Stat. L., 467.

(The Postmaster-General may appoint) fifteen inspectors in charge of divisions at three thousand dollars each; ten inspectors at two thousand four hundred dollars each; fifteen inspectors at two thousand two hundred and fifty dollars each; fifteen inspectors at two thousand dollars each; ten inspectors at one thousand eight hundred dollars each; one hundred and thirty inspectors at one thousand six hundred dollars each; one hundred and ten inspectors at one thousand four hundred dollars each; and seventy-two inspectors at one thousand two hundred dollars each. * * * *Provided*, That all persons employed on the thirtieth day of June, nineteen hundred and six, as superintendents of division, rural delivery, shall, on July first, nineteen hundred and six, be appointed as post-office inspectors of the grade of one thousand eight hundred dollars per year: *And provided further*, That all persons employed on June thirtieth, nineteen hundred and six, as rural agents shall, on July first, nineteen hundred and six, be appointed as post-office inspectors, except not to exceed one hundred and forty-seven of such agents shall be so appointed as post-office inspectors.

Approved June 26, 1906.

Railroads to comply with contracts as to time of arrival and departure of mails.

The Postmaster-General shall require all railroads carrying the mails under contract to comply with the terms of said contract as to the time of arrival and departure of said mails, and it shall be his duty to impose and collect reasonable fines for delay when such delay is not caused by unavoidable accidents or conditions.

1906, June 26, ch. 3546, 34 Stat. L., 472.

NOTE.—The act of March 2, 1907, making appropriation for the service of the Post-Office Department from July 1, 1907, changes the words "under contract to comply with the terms of said contract" to "to maintain their regular train schedules."

Approved June 26, 1906.

Railway Mail Service officials; salaries.
1906, June 26, ch. 3546, 34 Stat. L., 473.

NOTE.—The act of June 26, 1906, provides: "Railway Mail Service: One general superintendent, at $4,000; one assistant general superintendent, at $3,500; one chief clerk, office of general superintendent, at $2,000; one assistant chief clerk, office of general superintendent, at $1,800; eleven division superintendents, at $3,000 each; eleven assistant division superintendents, at $1,800 each; five assistant superintendents, at $1,800 each; nineteen assistant superintendents, at $1,600 each." The act of March 2, 1907, making appropriations for the service of the Post-Office Department, fixes the salaries of assistant division superintendents at $2,000 a year, and of the two classes of assistant superintendents above named at $2,000 and $1,800 each a year from July 1, 1907.

Approved June 26, 1906.

Withdrawal of postal cards, etc., during weighing seasons.
1906, June 26, ch. 3546, 34 Stat. L., 473.
1907, Mar. 2 (Public, No. 172).

The Postmaster-General shall require, when in freightable lots and whenever practicable, the withdrawal from the mails of all postal cards, stamped envelopes, newspaper wrappers, empty mail bags, furniture, equipment, and other supplies for the postal service except postage stamps in the respective weighing divisions of the country immediately preceding the weighing period in said divisions, and thereafter such postal cards, stamped envelopes, newspaper wrappers, empty mail bags, furniture, equipment, and other supplies for the postal service, except postage stamps, shall be transmitted by either freight or express.

Approved June 26, 1906.

Certain preference given in the assignment or transfer from the Railway Mail Service.
(1905, Mar. 3, ch. 1480, 33 Stat. L., 1088.)
1906, June 26, ch. 3546, 34 Stat. L., 474.

In the assignment or transfer of clerks from the Railway Mail Service, preference shall be given to the persons honorably discharged from the military or naval service who served in the civil war and who are now serving as clerks on the railway mail cars, in order that they may be transferred to clerical service in the Department or in the post-offices and relieved from service on said cars as rapidly as practicable, provided they are found to possess the business capacity necessary for the proper discharge of the duties of the office to which they may be transferred.

Approved March 3, 1905.

Penalty privilege.
Limited to strictly mail matter.
1906, June 26, ch. 3546, 34 Stat. L., 477.

No article, package, or other matter, except postage stamps, stamped envelopes, newspaper wrappers, postal cards, and internal-revenue stamps, shall be admitted to the mails under a penalty privilege unless such article, package, or other matter, except postage stamps, stamped envelopes, newspaper wrappers, postal cards, and internal-revenue stamps, shall be entitled to admission to the mails under law requiring payment of postage.

Approved June 26, 1906.

Carriers' leave of absence with pay.
1906, June 26, ch. 3546, 34 Stat. L., 477.
1907, Mar. 2 (Public, No. 172).

Rural letter carriers, after twelve months' service, (will) be allowed annual leave, with pay, not to exceed fifteen days; the substitutes for carriers on vacation to be paid during said service at the rate of six hundred hundred dollars per annum.

Approved June 26, 1906.

Compensation of clerks in post-offices of first and second classes.
Salary of Government employees.
1906, June 30, ch. 3914, 34 Stat. L., 763.
Division.
Computation.

Where the compensation of any person in the service of the United States is annual or monthly the following rules for division of time and computation of pay for services rendered are hereby established: Annual compensation shall be divided into twelve equal installments, one of which shall be the pay for each calendar month; and in making payments for a fractional part of a month one-thirtieth of one of such installments, or of a monthly compensation, shall be the daily rate of pay. For the purpose of computing such compensation and for computing time for services rendered during a fractional part of a month in connection with annual or monthly compensation, each and every month shall be held to consist of thirty days without regard to the actual number in any calendar month, thus excluding the thirty-first of any calendar month from the computation and treating February as if it actually had thirty days. Any person entering the service of the United States during a thirty-one-day month and serving until the end

thereof shall be entitled to pay for that month from the date of entry to the thirtieth day of said month, both days inclusive; and any person entering said service during the month of February and serving until the end thereof shall be entitled to one month's pay, less as many thirtieths thereof as there were days elapsed prior to date of entry: *Provided*, That for one day's unauthorized absence on the thirty-first day of any calendar month one day's pay shall be forfeited.

Proviso of forfeiture.

Approved June 30, 1906.

The Postmaster-General shall each year prepare and submit in his annual report to Congress estimates of the revenue and expenditures in the postal service for the fiscal year current and also for the fiscal year next ensuing at the time said report is submitted, together with a statement of the receipts and expenditures for the preceding completed fiscal year.

Reports to Congress.
—of revenues and expenditures for current and ensuing fiscal years.
1907, Mar. 2, ch. 2513; 34 Stat. L., 1217.

Approved March 2, 1907.

The act of March 2, 1907, provides "for traveling expenses of inspectors without per diem allowances, inspectors-in-charge, and the chief post-office inspector, and expenses incurred by inspectors not covered by per diem allowance."

Inspectors.
—expenses.
1907, Mar. 2, ch. 2513; 34 Stat. L., 1205.

Approved March 2, 1907.

Post-office inspectors in the field (shall be allowed a per diem) while actually traveling on official business away from their home, their official domicile, and their headquarters, at a rate to be fixed by the Postmaster-General, not to exceed four dollars per day; Provided, that the Postmaster-General may, in his discretion, allow inspectors per diem while temporarily located at any place on business away from their home, or their designated domicile, for a period not exceeding twenty consecutive days at any one place, and make rules and regulations governing the foregoing provisions relating to per diem.

Per diem allowance to inspectors in the field.
(1901, Mar. 3 ch. 851, 31 Stat. L., 1107.)
1907, Mar. 2, ch. 2513; 34 Stat. L., 1205.
—when made.
Proviso.
—while temporarily located at one place.
—regulations as to.

Approved March 2, 1907.

The Postmaster-General may, from time to time, designate any officer of the Post-Office Department above the grade of fourth-class clerk or any employee in the office of the Third Assistant Postmaster-General above the grade of a clerk of Class E to sign warrants, "collection" and "transfer" drafts in his stead, and such warrants and drafts when so signed shall be of the same validity as if signed by the Postmaster-General.

Designation of officers to sign warrants.
(1903, Mar. 3, ch. 1009, § 6, 32 Stat. L., 1176.)
1907, Mar. 2, ch. 2513; 34 Stat. L., 1206.

Approved March 2, 1907.

On and after July 1, 1907, letter carriers of the Rural Delivery Service shall receive a salary not exceeding nine hundred dollars per annum: *Provided*, That rural letter carriers after twelve months' service shall be allowed annual leave with pay not to exceed fifteen days.

Rural carriers
—salary.
1907, Mar. 2, ch. 2513; 34 Stat. L., 1215.
—annual leave.

Approved March 2, 1907.

(On and after July 1, 1907) substitutes for (rural) carriers on vacation (shall) be paid during said service at the rate paid the carrier.

1907, Mar. 2, ch. 2513; 34 Stat. L., 1215.

Approved March 2, 1907.

After June 30, 1907, clerks in offices of the first and second class and carriers in the city delivery service shall be divided into six grades, as follows: First grade, salary six hundred dollars; second grade, salary eight hundred dollars; third grade, salary nine hundred dollars; fourth grade, salary one thousand dollars; fifth grade, salary one thousand one hundred dollars; sixth grade, salary one thousand two hundred dollars. Clerks and carriers at first-class offices shall be promoted successively to the fifth grade, and clerks and carriers at second-class offices shall be promoted successively to the fourth grade.

Clerks in first and second class offices and carriers in city delivery service shall be divided into grades.
1907, Mar. 2, ch. 2513; 34 Stat. L., 1206.
—shall be promoted successively.

Clerks and carriers may be promoted upon satisfactory evidence.

After June 30, 1907, all promotions of both clerks and carriers shall be made at the beginning of the quarter following the expiration of a year's service in the next lower grade. No promotion shall be made except upon evidence satisfactory to the Post-Office Department of the efficiency and faithfulness of the employee during the preceding year.

—may be reduced in grade.

The Post-Office Department may reduce a clerk or carrier from a higher to a lower grade whenever his efficiency falls below a fair standard or whenever necessary for purposes of discipline.

—may be restored to former grade or advanced to intermediate grade.

When a clerk or carrier has been reduced in salary, he may be restored to his former grade or advanced to any intermediate grade at the beginning of any quarter following the reduction, on evidence that his record has been satisfactory during the intervening period.

—may be promoted at the beginning of second or subsequent quarter, when.

When a clerk or carrier fails of promotion because of unsatisfactory service, he may be promoted at the beginning of the second quarter thereafter, or of any subsequent quarter, on evidence that his record has been satisfactory during the intervening period.

—eligible for promotion to higher positions.

Clerks and carriers of the highest grade in their respective offices shall be eligible for promotion to the higher positions in said post-offices.

Clerks may be transferred to carrier, and carriers to clerk's service.

After June 30, 1907, any clerk shall be eligible for transfer to the service of a carrier, and any carrier shall be eligible for transfer to the service of a clerk, such transfer to be made to any grade not higher than the corresponding grade of salary, and the time which such clerk or carrier shall have served in the grade from which such transfer was made shall be counted in connection with the service to which such transfer may be made in computing the time of service necessary to entitle such employees to promotion: *Provided*, That no clerk or carrier shall be promoted more than one grade within any one year's period of service: *Provided, however*, That the carriers who, on June 30, 1907, are regularly employed at a salary of eight hundred dollars per annum shall be promoted to the fourth grade upon evidence satisfactory to the Post-Office Department of the efficiency and faithfulness of the employee during at least one year's service.

Limitation on promotion.

Auxiliary employees.

After June 30, 1907, auxiliary employees may be employed, to be paid for actual services at the rate of thirty cents an hour: *Provided*, That such employees shall be required to work not less than two hours daily and may serve as substitutes: *And provided further*, That such employees shall be eligible for appointment as clerks and carriers of the first grade.

Substitutes.

After June 30, 1907, substitutes may be employed, to be paid at the rate of thirty cents an hour when serving for absent clerks and carriers: *Provided*, That such substitutes shall be eligible for appointment as auxiliary employees and as clerks and carriers of the first grade.

Approved March 2, 1907.

Leave of absence.

—clerks in post-offices.

—construction.

The leave of absence authorized by law to clerks in post-offices shall be construed exclusive of Sundays and holidays.

Approved March 2, 1907.

1907, Mar. 2, ch. 2513; 34 Stat. L., 1213.

Adjustment of compensation: conditions and rates.

Compensation further reduced.

1907, Mar. 2, ch. 2513; 34 Stat. L., 1212.

The Postmaster-General is hereby authorized and directed to readjust the compensation to be paid from and after the first day of July, nineteen hundred and seven, for the transportation of mail on railroad routes carrying their whole length an average weight of mails per day of upward of five thousand pounds by making the following changes in the present rates per mile per annum for the transportation of mail on such routes, and hereafter the rates on such routes shall be as follows: On routes carrying their whole length an average weight of mail per day of more than five thousand pounds and less than forty-eight thousand pounds the rates shall be five per centum less than the present rates on all weight carried in excess of five thousand pounds; and on routes carrying their whole length an average weight of mail per day of more than forty-eight thousand pounds the rate shall be five per centum less than the present rates on all weight carried in excess of five thousand pounds up to forty-eight thousand pounds, and for each additional two thousand pounds in excess of forty-eight thousand pounds at the

rate of nineteen dollars and twenty-four cents upon all roads other than land-grant roads, and upon all land-grant roads the rate shall be seventeen dollars and ten cents for each two thousand pounds carried in excess of said forty-eight thousand pounds.

Approved March 2, 1907.

Additional pay for railway post-office lines.
1907, Mar. 2, ch. 2513; 34 Stat. L., 1212.
—rates of.

After July 1, 1907, additional pay allowed for every line comprising a daily trip each way of railway post-office cars shall be at a rate not exceeding twenty-five dollars per mile per annum for cars forty feet in length and twenty-seven dollars and fifty cents per mile per annum for forty-five-foot cars, and thirty-two dollars and fifty cents per mile per annum for fifty-foot cars, and forty dollars per mile per annum for cars fifty-five feet or more in length.

Approved March 2, 1907.

Carriers, clerks, etc.
—acting or substitute.
1907, Mar. 2, ch. 2513; 34 Stat. L., 1213.

Acting or substitute city letter carriers, rural letter carriers, post-office clerks, railway mail clerks, and other employees connected with the postal service who are temporary employees, shall be paid at the usual rate for each day's service during the fiscal year ending June 30, 1907, and thereafter.

Approved March 2, 1907.

Special delivery mail.
1907, Mar. 2, ch. 2561; 34 Stat. L., 1244.
—use of ordinary stamps authorized.

From and after July first, nineteen hundred and seven, when in addition to the stamps required to transmit any letter or package of mail matter through the mails there shall be attached to the envelope or covering ten cents' worth of ordinary stamps of any denomination, with the words "special delivery" or their equivalent written or printed on the envelope or covering, under such regulations as the Postmaster-General may prescribe, the said package shall be handled, transmitted, and delivered in all respects as though it bore a regulation "special-delivery" stamp.

Approved March 2, 1907.

Carriers, clerks, etc.
Temporary services; payment for actual service.
1907, Mar. 4, ch. 2919; 34 Stat. L., 1391.

The provisions of section 6 of the act of June 30, 1906, making appropriations for the sundry civil expenses of the Government for the fiscal year ending June 30, 1907, shall not be construed to prevent acting or substitute city letter carriers, rural letter carriers, post-office clerks, railway mail clerks, and other employees connected with the postal service who are temporary employees, being paid during the fiscal year 1907 at the usual rate for each day's actual service.

Approved March 4, 1907.

Expenditures for rent, light, and fuel at first, second, and third class offices.

NOTE.—The act of March 2, 1907 (Public, No. 172), making appropriations for the service of the Post-Office Department (effective July 1, 1907), provides that there shall not be allowed, for use in any third-class post-office, for rent a sum in excess of four hundred and eighty dollars, nor more than eighty dollars for fuel and light in any one year.

Inspectors.
—number.
—salaries.

It provides also for ten inspectors at one thousand eight hundred dollars each; one hundred and thirty inspectors at one thousand six hundred dollars each; one hundred and ten inspectors at one thousand four hundred dollars each; and seventy-two inspectors at one thousand two hundred dollars each.

Approved March 2, 1907.

Acting Postmaster-General.
—who may be in Post-Office Department.
Executive Order Jan. 6, 1893.

NOTE.—Pursuant to the authority conferred by section 179 of the Revised Statutes: The Second Assistant Postmaster-General is authorized and directed to perform the duties of the Postmaster-General, whenever and so long as he and the First Assistant Postmaster-General shall both be absent or sick; and the Third Assistant Postmaster-General is authorized and directed to perform the duties of Postmaster-General whenever and so long as he and the First and Second Assistant Postmasters-General shall be absent or sick. And the Fourth Assistant Postmaster-General is authorized and directed to perform the duties of Postmaster-General whenever and so long as he and the First, Second, and Third Assistant Postmasters-General shall all be absent or sick.

Approved January 6, 1893.

Rates of compensation for electric or cable-car service.
See 1906, June 26, ch. 3546, 34 Stat. L., 474; 1907, Mar. 2 (Public, No. 172).

NOTE.—The acts making appropriations for the service of the Post-Office Departmment for the fiscal years ending June thirtieth, nineteen hundred and seven, and June thirtieth, nineteen hundred and eight, include appropriations for transportation of mail by electric and cable cars, and provide that the rate of compensation to be paid per mile shall not exceed the rate now paid to companies performing such service except that the Postmaster-General, in cases where the quantity of mail is large and the number of exchange points numerous, may, in his discretion, authorize payment for closed-pouch service at a rate per mile not to exceed one-third above the rate per mile now paid for closed-pouch service; and for mail cars and apartments carrying the mails, not to exceed the rate of one cent per linear foot per car mile of travel: *Provided further*, That the rates for electric-car service on routes over twenty miles in length outside of cities shall not exceed the rates paid for service on steam railroads.

Approved June 26, 1906.

Railway postal clerks.
R. S., sec. 4024, 4025.
1882, July 3, ch. 361, 22 Stat. L., 180.
1895, Feb. 28, ch. 140, 28 Stat. L., 692.
1900, June 3, ch. 613, 31 Stat. L., 258.
1902, Apr. 21, ch. 563, 32 Stat. L., 115.
1903, Mar. 3, ch. 1009, 32 Stat. L., 1172.
1906, June 26, ch. 3546, 34 Stat. L., 473.
—classification and salaries.

NOTE.—The Postmaster-General may appoint clerks for the purpose of assorting and distributing the mail in railway post-offices * * * (who) shall * * * be designated as railway postal clerks, and (be) divided into six classes, whose salaries shall not exceed the following rates per annum:

Class 1, at not exceeding eight hundred dollars;
Class 2, at not exceeding nine hundred dollars;
Class 3, at not exceeding one thousand dollars;
Class 4 (B), at not exceeding one thousand one hundred dollars;
Class 4 (A), at not exceeding one thousand two hundred dollars;
Class 5 (B), at not exceeding one thousand three hundred dollars;
Class 5 (A), at not exceeding one thousand four hundred dollars;
Class 6, at not exceeding one thousand five hundred dollars;
Chief clerks, at not exceeding one thousand six hundred dollars:

Clerks in same class may be paid different salaries.

Provided, That the Postmaster-General, in fixing the salaries of clerks in the different classes, may fix different salaries for clerks of the same class, according to the amount of work done and the responsibility incurred by each, but shall not, in any case, allow a higher salary to any clerk of any class than the maximum fixed by this section for the class to which such clerk belongs.

ADDITIONAL NOTE.—The act of March 2, 1907, making appropriations for the service of the Post-Office Department fixes the salaries of railway postal clerks from July 1, 1907, as follows:

Class 1 (B), at not exceeding eight hundred dollars;
Class 1 (A), at not exceeding nine hundred dollars;
Class 2, at not exceeding one thousand dollars;
Class 3, at not exceeding one thousand one hundred dollars;
Class 4 (B), at not exceeding one thousand two hundred dollars;
Class 4 (A), at not exceeding one thousand three hundred dollars;
Class 5 (B), at not exceeding one thousand four hundred dollars;
Class 5 (A), at not exceeding one thousand five hundred dollars;
Class 6, at not exceeding one thousand six hundred dollars;
Chief clerks, at not exceeding one thousand eight hundred dollars;

and provides further that after such date railway mail clerks on entering the service shall receive the salary of the lowest grade, and no clerk shall be advanced more than two hundred dollars in any period of one year's service.

REFERENCE INDEX

TO THE

REVISED STATUTES AND STATUTES OF THE UNITED STATES, FROM SECTIONS OF THE REVISED STATUTES, THE SUPPLEMENTS THERETO, AND SUBSEQUENT VOLUMES OF THE STATUTES AT LARGE TO SECTIONS OF THE POSTAL LAWS AND REGULATIONS, EDITION OF 1902.

"Note" under "Remarks" indicates that the statute is referred to in the note to the section quoted; "Ref." that it is referred to either in the margin, in the body, or at the end of the section cited.

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